SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1994

OR

[___] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________.

Commission file number: 1-8729

UNISYS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	38-0387840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Township Line and Union Meeting Roads Blue Bell, Pennsylvania	19424
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:
(215) 986-4011

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01	New York Stock Exchange
Series A Cumulative Convertible Preferred Stock, par value $1, $3.75 annual fixed dividend	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange
10.30% Credit Sensitive Notes Due July 1, 1997	New York Stock Exchange
8 1/4% Convertible Subordinated Notes Due 2000	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of the voting stock held by non-affiliates: approximately $1,558,425,197 as of March 1, 1995. The amount shown is based on the closing price of Unisys Common Stock as reported on the New York Stock Exchange composite tape on that date. Voting stock beneficially held by officers and directors is not included in the computation. However, Unisys Corporation has not determined that such individuals are "affiliates" within the meaning of Rule 405 under the Securities Act of 1933.

Number of shares of Unisys Common Stock, par value $.01, outstanding as of March 1, 1995: 171,001,364.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Unisys Corporation 1994 Annual Report to Stockholders -- Part I, Part II and Part IV.

Portions of the Unisys Corporation Proxy Statement for 1995 Annual Meeting of Stockholders -- Part III.

PART I

ITEM 1. BUSINESS

Unisys Corporation ("Unisys") provides information services, technology and software on a worldwide basis.

Unisys operates primarily in one business segment: information systems and related services and supplies. This segment represents more than 90% of consolidated revenue, operating profit and identifiable assets. Financial information concerning revenue, operating profit and identifiable assets relevant to the segment is set forth in Note 11, "Business segment information", of the Notes to Consolidated Financial Statements appearing in the Unisys 1994 Annual Report to Stockholders, and such information is incorporated herein by reference.

Principal executive offices of Unisys are located at Township Line and Union Meeting Roads, Blue Bell, Pennsylvania 19424.

Principal Products and Services

Principal information systems products and services include enterprise systems and servers, departmental servers and desktop systems, software, custom defense systems, information services and systems integration, and equipment maintenance.

Enterprise systems and servers comprise a complete line of small to large processors and related communications and peripheral products, such as printers, storage devices and document handling processors and equipment. Departmental servers and desktop systems include UNIX servers, workstations, personal computers, and terminals. Software consists of application and systems software. Custom defense systems include specialized information processing systems, software, and services marketed primarily to government defense agencies. Information services and systems integration includes systems integration, outsourcing services, application development, information planning, and education. Equipment maintenance results from charges for preventive maintenance, spare parts, and other repair activities.

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UNIX is a registered trademark licensed in the United States and other countries, exclusively by X/Open Company, Ltd.

Information about revenue from classes of similar products and services for the three years ended December 31, 1994, appears under the heading "Revenue by similar classes of products and services" appearing in the Unisys 1994 Annual Report to Stockholders, and such information is incorporated herein by reference.

Unisys markets its products and services throughout most of the world, primarily through a direct sales force. In certain foreign countries, Unisys products and services are marketed primarily through distributors. Unisys manufactures a significant portion of its product lines. Some products, including certain personal and UNIX open system-based computers, peripheral products, electronic components and subassemblies and software products, are manufactured for Unisys to its design or specifications by other business equipment manufacturers, component manufacturers or software suppliers.

Raw Materials

Raw materials essential to the conduct of the business are generally readily available at competitive prices in reasonable proximity to those plants utilizing such materials.

Patents, Trademarks and Licenses

Unisys owns many domestic and foreign patents relating to the design and manufacture of its products, has granted licenses under certain of its patents to others and is licensed under the patents of others. Unisys does not believe that its business is materially dependent upon any single patent or license or related group thereof. Trademarks used on or in connection with Unisys products are considered to be valuable assets of Unisys.

Backlog

Unisys does not accumulate backlog information on a company-wide basis. Unisys believes that backlog is not a meaningful indicator of future revenues due to the significant portion of Unisys revenue received from software, information services and systems integration, and equipment maintenance (approximately 55% in 1994) and the shortening of the time period from receipt of a purchase order to billing upon shipment of equipment. Unisys "lead time" for commercial equipment (the time that customers are told that it will take from receipt of an order to shipment) is between 13 and 150 days depending upon the type of system and location of customer. However, the average is between 35 and 45 days. Therefore, Unisys believes that the dollar amount of backlog is not material to an understanding of its business taken as a whole.

U.S. Government Business

Revenue and earnings connected with defense and other U.S. governmental business are particularly subject to the size and phasing of federal government programs in which Unisys may participate. During 1994, revenue from sales of custom systems and services under Federal defense and space contracts and subcontracts represented approximately 15% of total consolidated revenue. Sales of commercial products to the U.S. government represented an additional 7% of total consolidated revenue.

Competition

Unisys business is affected by rapid change in technology in the information systems and services field and aggressive competition from many domestic and foreign companies, including computer hardware manufacturers, software providers and information services companies. Unisys competes primarily on the basis of product performance, service, technological innovation and price. Unisys believes that its continued investment in engineering and research and development, coupled with its marketing capabilities, will have a favorable impact on its competitive position.

Research and Development

Unisys engineering and research and development costs were $870.9 million in 1994, $934.7 million in 1993 and $980.7 million in 1992. Excluding capitalized software and hardware support, Unisys-sponsored research and development costs were $483.4 million in 1994, $515.2 million in 1993 and $535.9 million in 1992. Customer-sponsored research and development costs were $197.2 million in 1994, $231.1 million in 1993, and $243.3 million in 1992.

Environmental Matters

Capital expenditures, earnings and the competitive position of Unisys have not been materially affected by compliance with federal, state and local laws regulating the protection of the environment. Capital expenditures for environmental control facilities are not expected to be material in 1995 and 1996.

Employees

As of December 31, 1994, Unisys had approximately 46,300 employees.

International and Domestic Operations

Financial information by geographic area is set forth in Note 11, "Business segment information", of the Notes to Consolidated Financial Statements appearing in the Unisys 1994 Annual Report to Stockholders, and such information is incorporated herein by reference.

ITEM 2. PROPERTIES

In the United States, Unisys had 57 major facilities, each having approximately 50,000 square feet of floor space or more, as of December 31, 1994. The aggregate floor space of these major facilities was approximately 12,552,071 square feet, of which an aggregate of approximately 11,131,694 square feet was located in the following states: California, Illinois, Michigan, Minnesota, New York, Pennsylvania, Utah and Virginia. Fourteen of the major facilities in the United States, with an aggregate of approximately 5,040,199 square feet of floor space, were owned by Unisys while 43 of the major facilities in the United States, with approximately 7,511,872 square feet of floor space, were leased to Unisys. Of the aggregate floor space of major facilities in the United States, approximately 11,312,629 square feet were in current operation, approximately 1,051,745 square feet were subleased to others and approximately 187,697 square feet were being held in reserve or were declared surplus with disposition efforts in progress.

Outside of the United States, Unisys had 44 major facilities, each having approximately 50,000 square feet of floor space or more, as of December 31, 1994. The aggregate floor space of these major facilities was approximately 4,280,771 square feet, of which an aggregate of approximately 3,319,270 square feet was located in the following countries: Brazil, Canada, France, Germany, Mexico, the Netherlands, Sweden Switzerland and the United Kingdom. Ten of the major facilities outside the United States, with approximately 1,598,739 square feet of floor space, were owned by Unisys while 34 of the major facilities outside the United States, with approximately 2,682,032 square feet of floor space, were leased to Unisys. Of the aggregate floor space of major facilities outside the United States, approximately 3,349,935 square feet were in current operation, approximately 562,344 square feet were subleased to others and approximately 368,492 square feet were being held in reserve or were declared surplus with disposition efforts in progress.

Unisys major facilities include offices, laboratories, manufacturing plants, warehouses and distribution and sales centers. Unisys believes that its facilities are suitable and adequate for current and presently projected needs. Unisys continuously reviews its anticipated requirements for facilities, and, on the basis thereof, will from time to time acquire additional facilities, expand existing facilities and dispose of existing facilities or parts thereof.

ITEM 3. LEGAL PROCEEDINGS

As of March 1, 1995, Unisys has no material pending legal proceedings reportable under the requirements of this Item 3.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders of Unisys during the fourth quarter of 1994.

ITEM 10. EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the executive officers of Unisys set forth below is as of March 1, 1995.

Name	Age	Position with Unisys
James A. Unruh	53	Chairman of the Board and Chief Executive Officer
Stephen A. Carns	49	Executive Vice President; President, Information Services and Systems Group
Alan G. Lutz	49	Executive Vice President; President, Computer Systems Group
Albert F. Zettlemoyer	60	Executive Vice President; President, Government Systems Group
Harold S. Barron	58	Senior Vice President, General Counsel and Secretary
Edward A. Blechschmidt	42	Senior Vice President; President, United States/Canada Division

Malcolm D. Coster	50	Senior Vice President; President, Europe-Africa Division
George T. Robson	47	Senior Vice President and Chief Financial Officer
Jack A. Blaine	50	Vice President; President, Latin America and Caribbean Division
Frank G. Brandenberg	48	Vice President; President, Client/Server Systems
Gerald A. Gagliardi	47	Vice President, Customer Services Worldwide
George R. Gazerwitz	54	Vice President; President, Japan Division
Patricia L. Higgins	45	Vice President; President, Communications Line of Business
John J. Holton	62	Vice President, Strategic Account Marketing, United States/Canada Division
Deborah C. Hopkins	40	Vice President and Controller
Clive W. Ingham	49	Vice President; Group General Manager, European Group, Europe-Africa Division
Jack F. McHale	46	Vice President, Investor and Corporate Communications
Thomas E. McKinnon	50	Vice President, Human Resources
Dewaine L. Osman	60	Vice President, Corporate Planning and Business Development

Stefan C. Riesenfeld	46	Vice President and Treasurer
William G. Rowan	52	Vice President, Chief Information Officer

There are no family relationships among any of the above-named executive officers. The By-Laws provide that the officers of Unisys shall be elected annually by the Board of Directors and that each officer shall hold office for a term of one year and until a successor is elected and qualified, or until the officer's earlier resignation or removal.

Mr. Unruh has been the Chairman of the Board and Chief Executive Officer since 1990. He was President and Chief Operating Officer from 1989 to 1990 and Executive Vice President from 1986 to 1989. He has also held the position of Senior Vice President and Chief Financial Officer. Mr. Unruh has been a member of the Board of Directors since 1986 and has been an officer since 1982.

Mr. Carns was elected an Executive Vice President of Unisys and named President of Unisys Information Services and Systems Group in October 1994. He was President and Chief Operating Officer of Systematics, a provider of value-added software and outsourcing services from 1992 to 1994. He was President and Chief Operating Officer of Cap Gemini America from 1990 to 1992 and Vice President of IBM's Professional Services Group from 1985 to 1990. Mr. Carns has been an officer since October 1994.

Mr. Lutz was elected an Executive Vice President of Unisys in June 1994. He was named President of Unisys Computer Systems Group in May 1994. He was President of the Kassandra Group, a technology and product consulting firm to the telecommunications industry from 1993 to 1994. From 1987 to 1993, he held numerous positions with Northern Telecom, including President of Switching Networks and President of Public Networks. Mr. Lutz has been an officer since June 1994.

Mr. Zettlemoyer was elected an Executive Vice President of Unisys and named President of Unisys Government Systems Group in August 1993. He was a Senior Vice President of Unisys and President of Paramax Systems Corporation, a subsidiary of Unisys, from December 1992 to August 1993. He was Vice President, Corporate Planning, from July to December 1992; President, Electronic and Information Systems Group, of Paramax Systems Corporation from 1991 to 1992 and President, Electronic and Information Systems Group, Defense Systems Division from 1989 to 1991. Mr. Zettlemoyer has been an officer since 1987.

Mr. Barron has been Senior Vice President and General Counsel of Unisys since 1992. In April 1994 he was also elected Secretary. He was Vice President and General Counsel from 1991 to 1992 and a member of the law firm Seyfarth, Shaw, Fairweather and Geraldson from 1986 to 1991. Mr. Barron has been an officer since 1991.

Mr. Blechschmidt was elected a Senior Vice President of Unisys in February 1994 and has been President of the United States/Canada Division since January 1995. He was a Vice President of Unisys and President of the Pacific Asia Americas Division from 1990 to January 1995. He was Vice President, Japan Operations and President of the Unisys Japan Limited subsidiary from 1987 to 1990. Mr. Blechschmidt has been an officer since 1990.

Mr. Coster was elected a Senior Vice President of Unisys and named President, Europe-Africa Division in April 1994. He was an Executive Partner of Coopers & Lybrand responsible for the management consulting practice and head of worldwide business development from 1986 to 1994. Prior to joining Coopers, he worked with James Martin Associates and with British Petroleum/SCICON. Mr. Coster has been an officer since April 1994.

Mr. Robson has been Senior Vice President and Chief Financial Officer since 1991. He was Vice President and Chief Financial Officer from 1990 to 1991 and Vice President and Corporate Controller from 1987 to 1990. Mr. Robson has been an officer since 1987.

Mr. Blaine has been a Vice President of Unisys and President, Latin America and Caribbean Division since January 1995. Mr. Blaine was Vice President and General Manager, Latin America and Caribbean Group, of the Pacific Asia Americas Division from 1990 to January 1995. He was Vice President, Human Resources, of Unisys from 1988 to 1990. Mr. Blaine has been an officer since 1988.

Mr. Brandenberg has been a Vice President of Unisys and the President of Client/Server Systems since May 1994. He was Vice President and Deputy President of the Computer Systems Group from 1992 to May 1994; Vice President and General Manager of the Computer Systems Group from 1990 to 1992 and Vice President and General Manager of the Diversified Products Group from 1989 to 1990. Mr. Brandenberg has been an officer since 1990.

Mr. Gagliardi has been Vice President, Customer Services Worldwide since June 1994. He was Vice President and General Manager, Customer Services and Support from 1991 to 1994 and Vice President and General Manager, Customer Technical Services from 1989 to 1990. Mr. Gagliardi has been an officer since July 1994.

Mr. Gazerwitz has been Vice President and President, Japan Division since August 1994. He was Vice President, Marketing, of the United States Division from December 1992 to August 1994. He was Vice President and Group Vice President, Eastern Region, United States Information Systems from 1990 to 1992; and Vice President and President, Customer Services and Support, United States Information Systems from 1988 to 1990. Mr. Gazerwitz has been an officer since 1984.

Ms. Higgins was elected a Vice President of Unisys and named President, Communications Line of Business in January 1995. She was the Group Vice President, Manhattan Market Area, and a corporate officer of NYNEX Corporation from 1991 to December 1994. From 1977 to 1991, Ms. Higgins held numerous positions at AT&T Company, including Vice President of International Sales Operations and Service Vice President in Business Communications Services. Ms. Higgins has been an officer since January 1995.

Mr. Holton has been Vice President, Strategic Account Marketing, United States/Canada Division since 1990. He was Vice President, Corporate Marketing, from 1989 to 1990. Mr. Holton has been an officer since 1985.

Ms. Hopkins has been Vice President and Controller since 1993. She was Vice President, Corporate Business Analysis from 1991 to 1993; and Director, Image Business Development, Program Management, of the Computer Systems Product Group from 1989 to 1991. Ms. Hopkins has been an officer since 1993.

Mr. Ingham has been a Vice President of Unisys and the Group General Manager, European Group, Europe-Africa Division since November 1993. He was Vice President, Corporate Marketing, from 1991 until November 1993; and Vice President and General Manager, Asia Group, of the Pacific Asia Americas Division from 1989 to 1991. Mr. Ingham has been an officer since 1992.

Mr. McHale has been Vice President, Investor and Corporate Communications, since 1989. He was Vice President, Public and Investor Relations, from 1986 to 1989. Mr. McHale has been an officer since 1986.

Mr. McKinnon has been Vice President, Human Resources, since 1990. He was Vice President of the Pacific Asia Americas Division from 1989 to 1990; and Staff Vice President, Corporate Human Resources, from 1987 to 1989. Mr. McKinnon has been an officer since 1991.

Mr. Osman has been Vice President, Corporate Planning and Business Development, since 1992. He was acting Vice President, Commercial Marketing from November 1993 to December 1994. Prior to October 1992, he had been President of Ascom Timeplex, Inc. (formerly Timeplex, Inc., the communications networking subsidiary of Unisys) since its divestiture by Unisys in 1991. From 1986 to 1991, Mr. Osman was an officer of Unisys, serving as President of the Communications and Networks Group and as President of Timeplex, Inc. from 1989 to 1991. He was reelected an officer in 1992.

Mr. Riesenfeld has been Vice President and Treasurer since 1989. He was Vice President, Corporate Development, from 1986 to 1989. Mr. Riesenfeld has been an officer since 1988.

Mr. Rowan has been a Vice President of Unisys and Chief Information Officer since 1992. He was Vice President and Controller from 1991 to 1992; Vice President, Business Operations, from February to April 1991; and Vice President, Finance, of the Pacific Asia Americas Division from 1986 to 1991. Mr. Rowan has been an officer since 1991.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Information as to the markets for Unisys Common Stock, the high and low sales prices for Unisys Common Stock, the approximate number of record holders of Unisys Common Stock, the payment of dividends, and restrictions on such payment is set forth under the headings "Quarterly financial information", "Eight-year summary of selected financial data", "Common Stock Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 9 and 13 of the Notes to Consolidated Financial Statements in the Unisys 1994 Annual Report to Stockholders and is incorporated herein by reference. The approximate number of holders is based upon record holders as of December 31, 1994.

ITEM 6. SELECTED FINANCIAL DATA

A summary of selected financial data for Unisys for each of the last five years is set forth under the heading "Eight-year summary of selected financial data" in the Unisys 1994 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition, changes in financial condition and results of operations is set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 1994 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of Unisys, consisting of the consolidated balance sheet at December 31, 1994 and 1993 and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1994, appearing in the Unisys 1994 Annual Report to Stockholders, together with the report of Ernst & Young LLP, independent auditors, on the financial statements at December 31, 1994 and 1993 and for each of the three years ended December 31, 1994, 1993, and 1992, appearing in the Unisys 1994 Annual Report to Stockholders, are incorporated herein by reference. Supplementary financial data, consisting of information appearing under the heading "Quarterly financial information" in the Unisys 1994 Annual Report to Stockholders, is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Identification of Directors. Information concerning the directors of Unisys Corporation is set forth under the headings "Nominees for Election to the Board of Directors", "Members of the Board of Directors Continuing in Office -- Term Expiring in 1996" and "Members of the Board of Directors Continuing in Office -- Term Expiring in 1997" in the Unisys Proxy Statement for the 1995 Annual Meeting of Stockholders and is incorporated herein by reference.

(b) Identification of Executive Officers. Information concerning executive officers of Unisys Corporation is set forth under the caption "EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I, Item 10, of this report.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is set forth under the heading "EXECUTIVE COMPENSATION" in the Unisys Proxy Statement for the 1995 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Certain Beneficial Owners. The TCW Group, Inc. (865 South Figueroa Street, Los Angeles, California 90017) has filed a Schedule 13G with the Securities and Exchange Commission dated January 21, 1995 reporting beneficial ownership of 17,449,919 shares of Unisys Common Stock. Such shares represented approximately 10.0% of the total outstanding shares of Unisys Common Stock as of March 1, 1995. The TCW Group, Inc. has reported sole voting power and sole dispositive power with respect to all such shares. To Unisys knowledge, as of March 1, 1995, no other person was the beneficial owner of more than 5% of the total outstanding shares of Unisys Common Stock.

(b) Security Ownership of Management. Certain information furnished by members of management with respect to shares of Unisys equity securities beneficially owned as of March 1, 1995 by all directors individually, by certain named officers and by all directors and officers of Unisys as a group is set forth under the heading "SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" in the Unisys Proxy Statement for the 1995 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and transactions between Unisys and members of its management is set forth under the headings "EXECUTIVE COMPENSATION" and "REPORT OF THE COMPENSATION AND ORGANIZATION COMMITTEE -- Compensation Committee Interlocks and Insider Participation" in the Unisys Proxy Statement for the 1995 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements from the Unisys 1994 Annual Report to Stockholders which are incorporated herein by reference:

2. Financial Statement Schedules filed as part of this report pursuant to Item 8 of this report:

The financial statement schedule should be read in conjunction with the consolidated financial statements and notes thereto in the Unisys 1994 Annual Report to Stockholders. Financial statement schedules not included with this report have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Separate financial statements of subsidiaries not consolidated with Unisys and entities in which Unisys has a fifty percent or less ownership interest have been omitted since these operations do not meet any of the conditions set forth in Rule 3-09 of Regulation S-X.

3. Exhibits. Those exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index included in this report at pages 19 through 22. Management contracts and compensatory plans and arrangements are listed as Exhibits 10.1 through 10.24.

(b) Reports on Form 8-K.

During the quarter ended December 31, 1994, no Current Reports on Form 8-K were filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNISYS CORPORATION

By: /s/ James A. Unruh
James A. Unruh
Chairman of the Board
and Chief Executive Officer

Date: March 13, 1995

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 13, 1995.

/s/ James A. Unruh --------------------- James A. Unruh Chairman of the Board and Chief Executive Officer (principal executive officer) and Director	*Melvin R. Goodes --------------------- Melvin R. Goodes Director
/s/ George T. Robson --------------------- George T. Robson Senior Vice President and Chief Financial Officer (principal financial officer)	*Edwin A. Huston --------------------- Edwin A. Huston Director
/s/ Deborah C. Hopkins --------------------- Deborah C. Hopkins Vice President and Controller (principal accounting officer)	*Kenneth A. Macke --------------------- Kenneth A. Macke Director
*J. P. Bolduc --------------------- J. P. Bolduc Director	*Robert McClements, Jr. --------------------- Robert McClements, Jr. Director

*James J. Duderstadt - --------------------- James J. Duderstadt Director	*Donald V. Seibert ----------------------- Donald V. Seibert Director
*Gail D. Fosler - --------------------- Gail D. Fosler Director	*Alan E. Schwartz ----------------------- Alan E. Schwartz Director

*By: /s/ George T. Robson

George T. Robson
Attorney-in-Fact

UNISYS CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions (a)	Balance at End of Period
Allowance for Doubtful Accounts (deducted from accounts and notes receivable):				
Year Ended December 31, 1992	$123.5	$32.5	$(32.2)	$123.8
Year Ended December 31, 1993	$123.8	$ 9.6	$(36.1)	$ 97.3
Year Ended December 31, 1994	$ 97.3	$10.2	$(16.4)	$ 91.1

(a) Write-off of bad debts less recoveries.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Unisys Corporation, incorporated by reference to Exhibit 3(a) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
3.2	By-Laws of Unisys Corporation, incorporated by reference to Exhibit 3(b) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
4.1	Agreement to furnish to the Commission on request a copy of any instrument defining the rights of the holders of long-term debt which authorizes a total amount of debt not exceeding 10% of the total assets of the registrant, incorporated by reference to Exhibit 4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1982 (File No. 1-145).
4.2	Form of Rights Agreement dated as of March 7, 1986 between Burroughs Corporation and Harris Trust Company of New York, as Rights Agent, which includes as Exhibit A, the Certificate of Designations for the Junior Participating Preferred Stock, and as Exhibit B, the Form of Rights Certificate, incorporated by reference to Exhibit 1 to the registrant's Registration Statement on Form 8-A, dated March 11, 1986.
4.3	Second Rights Agreement, dated as of June 28, 1990, by and between registrant and Mitsui & Co., Ltd. and joined by Harris Trust Company of New York, incorporated by reference to Exhibit 4.4 to the registrant's Current Report on Form 8-K dated June 28, 1990.
4.4	Purchase Agreement, dated as of June 25, 1990, between the registrant and Mitsui & Co., Ltd., incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K dated June 28, 1990.
10.1	Deferred Compensation Plan for Executives of Unisys Corporation, effective November 1, 1994, incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994.

10.2	Deferred Compensation Plan for Directors of Unisys Corporation, as amended and restated as of January 1, 1994, incorporated by reference to Exhibit 10.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1993.
10.3	Unisys Worldwide Information Services Long Term Incentive Plan effective as of January 1, 1993, incorporated by reference to Exhibit 10.3 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1993.
10.4	Form of Executive Employment Agreement, incorporated by reference to Exhibit 10(a) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1985.
10.5	Form of Executive Employment Agreement, incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1987.
10.6	Agreement, dated December 31, 1994, between the registrant and William B. Patton, Jr.
10.7	Employment Agreement, dated August 10, 1994, between the registrant and James A. Unruh, incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994.
10.8	Stock Unit Plan for Directors of Unisys Corporation, as amended and restated as of September 23, 1993, incorporated by reference to Exhibit 10 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993.
10.9	Summary of supplemental executive benefits provided to officers of Unisys Corporation, incorporated by reference to Exhibit 10(k) of the registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
10.10	Unisys Executive Annual Variable Compensation Plan, incorporated by reference to Exhibit A to the registrant's Proxy Statement, dated March 23, 1993, for its 1993 Annual Meeting of Stockholders.
10.11	1982 Unisys Long-Term Incentive Plan, as amended and restated through September 1, 1989, incorporated by reference to Exhibit 10(p) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1990.

10.12 Amendment, dated December 11, 1989, to the 1982 Unisys Long-Term Incentive Plan, incorporated by reference to Exhibit 10(o) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1989.

10.13 Amendment, dated July 25, 1990, to 1982 Unisys Long-Term Incentive Plan, incorporated by reference to Exhibit 10(r) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1990.

10.14 1990 Unisys Long-Term Incentive Plan, effective as of January 1, 1990 incorporated by reference to Exhibit A to the registrant's Proxy Statement, dated March 20, 1990, for its 1990 Annual Meeting of Stockholders.

10.15 Amendment, dated May 26, 1994, to 1990 Unisys Long-Term Incentive Plan, effective as of February 22, 1990.

10.16 Sperry Corporation Pension Plan for Outside Directors of the Board of Directors, as amended, incorporated by reference to Exhibit 10-J to the Annual Report of Sperry Corporation on Form 10-K for the fiscal year ended March 31, 1984 (File No. 1-3908).

10.17 Form of Loan Agreement including Note used for bridge loans to executive officers purchasing residences, incorporated by reference to Exhibit 10(kk) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1986.

10.18 Form of Loan Agreement including Note used for term loans to executive officers purchasing residences, incorporated by reference to Exhibit 10(ll) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1986.

10.19 Unisys Corporation Officers' Car Allowance Program, effective as of July 1, 1991, incorporated by reference to Exhibit 10(hh) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1991.

10.20 Form of Indemnification Agreement between Unisys Corporation and each of its Directors, incorporated by reference to Exhibit B to the registrant's Proxy Statement, dated March 22, 1988, for the 1988 Annual Meeting of Stockholders.

10.21 Unisys Corporation Elected Officer Pension Plan, effective June 1, 1988, incorporated by reference to Exhibit 10(zz) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1988.

10.22	Amendment, dated February 27, 1992, to Unisys Corporation Elected Officers' Pension Plan, incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
10.23	Amendment, dated July 28, 1994, to Unisys Corporation Elected Officer Pension Plan, effective July 28, 1994.
10.24	Unisys Corporation Supplemental Executive Retirement Income Plan, as amended and restated effective April 1, 1988, incorporated by reference to Exhibit 10(aaa) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1988.
11	Computation of Earnings Per Share.
12	Computation of Ratio of Earnings to Fixed Charges.
13	Portions of the Annual Report to Stockholders of the registrant for the year ended December 31, 1994.
21	Subsidiaries of Unisys Corporation.
23	Consent of Ernst & Young LLP.
24	Power of Attorney.
27	Financial Data Schedule.

Exhibit 10.6

[LETTERHEAD OF UNISYS CORPORATION APPEARS HERE]

December 31, 1994

Mr. William B. Patton, Jr.
P. O. Box 1222
Blue Bell, PA 19422

Dear Bill:

You are presently employed by Unisys Corporation (the "Company"). The purpose of this letter is to set forth the agreement (the "Agreement") with you concerning your relationship with the Company on and after January 1, 1995 (hereinafter the "Effective Date"). This Agreement supersedes and replaces all prior understandings and agreements, whether written or verbal, between you and the Company with respect to your employment with the Company, except for the Letter Agreement from James A. Unruh dated December 20, 1993 and the related Release effective January 1, 1994. The provisions of this Agreement are as follows:

1. Resignation. You shall resign as an officer and employee of the Company as of December 31, 1994.

2. Consulting Services. For a term commencing on the Effective Date and ending December 31, 1995, unless sooner terminated as provided in Section 9 (such period from the Effective Date through December 31, 1995 or earlier termination being hereinafter referred to as the "Consulting Term"), you shall make yourself available to the Company to serve as a non-employee consultant to provide services to the Company at such times and places as are requested by the Company; provided that you shall not be required to perform more than ten (10) hours of consultant activities (including travel time) in any one day, nor more than one hundred (100) hours of consultant activities (including travel time) in any one calendar month. Your activities as a non-employee consultant shall be directed by the President, Information Services and Systems Group ("ISSG"), or his designee. The Company shall give you such notice as is practicable as to when consultant activities are requested. You will use your best efforts to accommodate any request for consultant activity by the Company, notwithstanding any other commitments you may have.

3. Consulting Compensation. The compensation for your consulting services shall be as follows:

(a) Consulting Fee. You shall be paid a consulting fee at a rate equal to $17,500 per month during the Consulting Term.

(b) 1994 Executive Variable Compensation ("EVC"). Notwithstanding your termination prior to the payment date, you shall be entitled to receive an EVC award for the 1994 EVC award year in accordance with the terms of the EVC Plan and your EVC award letter dated April 22, 1994.

(c) Bonus Fee. You are not entitled to an EVC award payout for the 1995 EVC award year. Unless the Consulting Term is terminated before December 31, 1995, you shall be entitled to receive a bonus fee payable in March, 1996, in an amount equal to the product of (i) the average percentage EVC award payout for eligible United States/Canada Division participants for the 1995 EVC award year, times (ii) $410,000.

(d) Stock Options. With respect to your outstanding stock options granted under the 1990 Long-Term Incentive Plan (the "1990 Plan"), such stock options shall be exercisable in accordance with the terms of the 1990 Plan and any agreements pertaining to such stock options; provided, however, that:

  (i) The portions of such stock options scheduled to vest on or before April 30, 1995 shall be so exercisable; and

  (ii) You shall have the right to exercise your vested stock options until December 31, 1999.

(e) Pension. You are not entitled to a benefit under the Unisys Pension Plan and the Supplemental Employee Retirement Income Plan. For purposes of calculating your benefit under the Unisys Elected Officer Pension Plan, your termination date shall be December 31, 1994, but an additional one year shall be counted as service and an additional amount of $410,000 plus any amounts paid to you under Sections 3(b) and 3(c) shall be counted as eligible compensation for 1995 for purposes of calculating your Final Average Compensation.

(f) Medical. On and after the Effective Date, you shall be entitled to the same medical coverage under the same terms, including your payment of applicable premiums, as if you were a participant in the Unisys Post-Retirement and Extended Disability Medical Plan (the "PRM Plan"). Such coverage will be provided to you and your eligible dependents through the PRM Plan or through any other arrangement deemed appropriate by the Company.

(g) Miscellaneous. On or after the Effective Date, you will be provided with post-retirement life insurance coverage in the amount of $750,000. You will continue to be covered by the Company's umbrella liability insurance policy through July 31, 1995 and the Company will pay up to an aggregate of $5,000 for financial counseling services and tax preparation services provided to you in 1995. You will be entitled to executive outplacement consulting services similar to those services offered to similarly-situated executives, up to a maximum cost of $25,000 inclusive of office space. You may utilize the services of the outplacement consultants retained by the Company or you may select your own outplacement consultant.

4. Additional Payment. In consideration of your execution of the release described in Section 11 hereof and in consideration and settlement of any claim you may have for damages for wrongful termination, age discrimination or any other claims based on tort, you shall be paid $200,000, such amount being payable to you in four installments of $50,000 each, payable on February 15, 1995, May 1, 1995, September 1, 1995 and December 31, 1995. You acknowledge that the payments set forth above are not an admission on the part of the Company of any liability for any wrongdoing whatsoever.

5. Expenses. The Company shall reimburse you for reasonable travel and associated expenses incurred in the performance of your consultant activities hereunder consistent with the Unisys Travel Policy provided that you have obtained advance approval for such travel and expenses from the President, ISSG, or his designee.

6. Taxes. You shall be responsible for the payment of all applicable Federal, state and local taxes due with respect to the consulting fees under Sections 3(a) and 3 (c) and the additional payment under Section 4, including, but not limited to, Federal and state income taxes, Social Security tax, Unemployment Insurance taxes and any other taxes or fees as are required. The remaining remuneration paid to you under Section 3 will be treated as wages as deemed appropriate by the Company and the Company will withhold applicable taxes accordingly. The Company will file all informational returns with the Internal Revenue Service and similar state and local taxing authorities regarding the remuneration paid to you hereunder. However, the Company agrees that payments made under Section 4 hereof are not wages or compensation for services rendered and no IRS Form 1099 will be issued in respect thereof.

7. Relationship of Parties. On and after the Effective Date, you shall be acting as an independent contractor and not as an employee, agent or representative of Unisys.

8. Conduct After Effective Date.

(a) During the period beginning on and after the Effective Date and ending January 1, 1996:

(i) you shall not engage or become employed as a business owner, employee, agent, representative or consultant in any activity which is in competition with any line of business of the Company (or its subsidiaries or affiliates) existing as of the Effective Date, except with the express prior written consent of the Chief Executive Officer of the Company, which consent will not be unreasonably withheld or delayed in the case where you intend to become a consultant to or an employee of a company whose aggregate sales in 1994 did not exceed $200 million;

(ii) you shall not induce or attempt to induce any customer of Unisys to become a customer of a competitor of Unisys so as directly or indirectly to displace a Unisys product or service;

(iii) you shall not make any negative comment publicly or privately about the Company (or its subsidiaries or affiliates), any of its products, services or other businesses, its present or past Board of Directors, its officers, or employees, nor shall you in any way discuss the circumstances of your termination of employment other than to state that you have retired from the Company and, during the Consulting Term, that you have been retained as a consultant to Unisys;

(iv) you shall not solicit or attempt to solicit any employee of the Company (or any of its subsidiaries or affiliates) to render services for any other person, firm or business entity;

(v) you shall not use or furnish or divulge to any other person, firm or business entity any information relating to the Company's business (or that of any of its subsidiaries or affiliates), or any trade secrets, processes, contracts or arrangements involved in any such business; and

(vi) you shall not engage in any other conduct detrimental to the best interests of the Company (or its subsidiaries or affiliates).

(b) During the period beginning January 1, 1996 and ending on December 31, 1997, you shall continue to be bound by Sections 8 (iii) through (vi) hereof.

(c) For so long as you are entitled to a pension under the Unisys Elected Officer Pension Plan, the provisions of such Plan, including Section 6.04 thereof, shall apply to you.

(d) During the Consulting Term, you shall be obligated to comply with the Unisys Code of Ethical Conduct and the Company's Policies and Procedures related thereto as if you were an employee of the Company.

9. Termination.

(a) This Agreement may be terminated at any time and for any reason by the Company. Unless the Agreement is terminated for "cause", you shall be entitled to receive the compensation and benefits described in Sections 3(a)-(g) and Section 4.

(b) If the Agreement is terminated for "cause", all of the compensation and benefits described in Sections 3(a)-(g) and Section 4 shall immediately cease (provided that any amounts or benefits paid prior to the termination of the Agreement shall not be affected) and you shall be considered to have terminated your employment for all purposes as of December 31, 1994. For purposes of this Agreement, "cause" shall mean (i) your refusal or failure to exercise your best efforts in the performance of your consulting duties and responsibilities under this Agreement or your refusal or failure to perform your consulting duties in accordance with the specific directions of the President, ISSG, or his designee, or (ii) a breach of any of your obligations described in Section 8.

(c) The Company will provide you with written notice of the facts constituting any breach of Section 9(b)(i). The Company may thereafter terminate this Agreement pursuant to Section 9(b)(i) upon the occurrence of any further breach thereof without further notice. If the Company believes that you have engaged in any conduct that would violate Section 8(a)(vi), the Company will give you written notice requesting that you immediately cease and desist from such conduct. The Company may thereafter terminate this Agreement for a breach of Section 8(a)(vi) upon the occurrence of any further breach thereof without further notice. No notice of a breach of this Agreement shall be required prior to the Company's termination of this Agreement except as expressly provided in this Section 9(c).

(d) In the event of your death or your inability to perform your duties and responsibilities under this Agreement as a result of your disability, the Consulting Term shall terminate for all purposes as of the date of such death or disability.

(e) If the Agreement is terminated for cause, as defined in Section 9(b):

(i) all outstanding stock options shall expire;

(ii) your pension under the Elected Officer Pension Plan shall be calculated, or recalculated, as applicable, without regard to the additional year of service and additional compensation described in Section 3(e);

(iii) any medical coverage provided through a Company-sponsored arrangement shall be terminated, subject to applicable law; and

(iv) your post-retirement life insurance coverage shall terminate.

(f) In addition to any other remedies it may have, the Company shall be entitled to an injunction restraining you from doing or continuing to do any act in violation of Section 8, or requiring you to act in conformance with Section 8.

(g) You agree that a breach by you of any of the provisions of this Agreement will damage the Company in an amount which is difficult to determine and, accordingly, the Company may retain as liquidated damages and not as a penalty any amounts payable to you under this Agreement whether in the form of consulting fees, additional payments, or other benefits, including those described in Sections 3(a)-(g) hereof.

10. Other Benefits. The rights granted to you under Section 3 are in addition to all other obligations of the Company to you as a terminated employee, and except as otherwise expressly provided in the Agreement, your rights and obligations to benefits from the Company shall be determined in accordance with the applicable benefit plans. Unless otherwise expressly provided in this Agreement, your termination date for all employment and benefit purposes shall be December 31, 1994.

11. Release. In consideration of the Company's entering into this Agreement and as a condition to the Company's obligations hereunder, you agree to waive and release any and all claims against the Company and any of its subsidiaries and affiliates and their directors, officers and employees that you now have or may have in the future arising out of your employment or termination of employment with the Company, and you shall execute a release, in the form attached hereto, which release shall be incorporated and become a part of this Agreement.

12. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Philadelphia, Pennsylvania. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association except that the arbitrator shall be selected by mutual agreement of the parties. If the parties cannot mutually agree upon an arbitrator, then each party shall select an arbitrator of their choice, and the two arbitrators so selected shall mutually select a third arbitrator. Any arbitration award will be final and conclusive upon the parties, and a judgment enforcing such award may be entered in any court of competent jurisdiction. The prevailing party in any such arbitration shall be entitled to recover from the other party the attorney's fees, costs and expenses incurred by them in such arbitration.

13. Miscellaneous.

    (a) Any notice or other communication required or permitted pursuant to this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States mail, First Class, postage prepared addressed to you at Avalon at Chase Oaks, Unit 1914, 801 Legacy Drive, Plano, Texas, 75023. In the case of a notice or other communication to Unisys, it shall be directed to Thomas E. McKinnon, Vice President, Human Resources at P. O. Box 500, M.S. A-14, Blue Bell, Pennsylvania 19424-0001.

(b) No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth or incorporated by reference in this Agreement.

(c) The validity, interpretation construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to the provisions thereof relating to conflicts of law.

(d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

Please indicate your acceptance of the foregoing by signing the enclosed copy of this letter, Release and form of resignation and returning them to my attention.

Very truly yours,

Unisys Corporation

By: /s/ Stephen A. Carns

Stephen A. Carns
President, Information Services and
Systems Group

Agreed to and accepted as of the 31st day of December, 1994.

/s/ William B. Patton, Jr.
- -------------------------------------
William B. Patton, Jr.

Exhibit 10.15

AMENDMENT
TO THE
UNISYS LONG-TERM INCENTIVE PLAN

I. Section 2.07(c) is amended and restated in its entirety, effective as of February 22, 1990, to read as follows:

> "(c) Approval by the stockholders of Unisys of a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such reorganization, merger or consolidation beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportion as their ownership of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such reorganization, merger or consolidation, as the case may be; or"

Exhibit 10.23

AMENDMENT
TO
UNISYS ELECTED OFFICER PENSION PLAN

The Unisys Elected Officer Pension Plan (the "Plan") is amended, effective July 28, 1994, to read as follows:

I. A new Section 2.20 is added to the Plan to read as follows:

"2.20 "Change in Control" shall mean

(a) The acquisition, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"), provided, however, that any acquisition by (x) the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (y) any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, shall not constitute a Change in Control; or

(b) Individuals who, as of July 28, 1994 constitute the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds of the Board, provided that any individual becoming a director subsequent to July 28, 1994 whose election or nomination for election by the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board; or

(c) Approval by the shareholders of the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such Business Combination do not, following such Business Combination, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Company Voting Securities, as the case may be; or

(d) (i) A complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition."

II. Section 3.01(c) is amended in its entirety to read as follows:

"(c) A former Officer who was eligible under paragraph (a) above and continues in active employment for more than twelve months after ceasing to be an Officer shall be eligible, upon application, to receive a vested annual retirement benefit calculated in accordance with Sections 5.01(a), 5.03, 5.06 and 5.07, utilizing as an offset the amount of benefits payable under the Company Plan and the Supplemental Plan calculated as if the

Participant had elected a single life annuity form of benefit under the Company Plan, and such former Officer shall not be eligible for the survivor benefits described in Section 5.04. This Section 3.01(c) shall not apply after the occurrence of a Change in Control with respect to any individual who was an Officer on the date of the Change in Control."

III. A new Section 3.01(d) is added to read as follows:

"(d) Notwithstanding the participation requirements described in Section 3.01(a), each Employee who is an Officer on the date of the Change in Control and who, as of the date of the Change in Control, has completed 5 or more years of Credited Service shall be eligible to participate in this Plan."

IV. Section 5.01(a) is amended in its entirety to read as follows:

"(a) Subject to the adjustments set forth in Sections 5.02 and 5.03, a Participant shall receive an annual retirement benefit payable at Normal Retirement Date equal to:

(1) 40% of the Participant's Final Average Compensation for the Participant's first 10 years of Credited Service, or, for a Participant who has less than 10 years of Credited Service, one-third of one percent of the Participant's Final Average Compensation for each month of Credited Service; plus

(2) 1% of the Participant's Final Average Compensation for each year of Credited Service in excess of 10 (but not in excess of 30) including proportional credit for a fraction of a year; minus

(3) 50% of the Participant's Primary Social Security Benefit.

Exhibit 11

UNISYS CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE YEARS ENDED DECEMBER 31, 1994
(Millions, except share data)

	1994	1993	1992
Primary Earnings Per Common Share			
Average Number of Outstanding Common Shares	170,752,220	162,735,752	161,649,778
Additional Shares Assuming Exercise of Stock Options	1,563,156	2,333,930	2,075,251
Average Number of Outstanding Common Shares and Common Share Equivalents	172,315,376	165,069,682	163,725,029
Income Before Extraordinary Items and Changes in Accounting Principles	$ 108.2	$ 361.6	$ 296.2
Dividends on Series A, B and C Preferred Stock	(120.1)	(121.6)	(122.1)
Primary Earnings (Loss) on Common Shares Before Extraordinary Items and Changes in Accounting Principles	(11.9)	240.0	174.1
Extraordinary Items	(7.7)	(26.4)	65.0
Effect of Changes in Accounting Principles		230.2	
Primary Earnings (Loss) on Common Shares	$ (19.6)	$ 443.8	$ 239.1
Primary Earnings (Loss) Per Common Share Before Extraordinary Items and Changes in Accounting Principles	$ (.07)	$ 1.46	$ 1.06
Extraordinary Items	(.04)	(.16)	.40
Effect of Changes in Accounting Principles		1.39	
Total	$ (.11)	$ 2.69	$ 1.46
Fully Diluted Earnings Per Common Share			
Average Number of Outstanding Common Shares and Common Share Equivalents	172,315,376	165,069,682	163,725,029
Additional Shares:			
Assuming Conversion of Series A Preferred Stock		47,586,877	
Assuming Conversion of 8-1/4% Convertible Notes	33,698,698	33,699,634	17,954,723
Attributable to Stock Options	111,276	193,741	133,489
Common Shares Outstanding Assuming Full Dilution	206,125,350	246,549,934	181,813,241
Primary Earnings (Loss) on Common Shares Before Extraordinary Items and Changes in Accounting Principles	$ (11.9)	$ 240.0	$ 174.1
Exclude Dividends on Series A Preferred Stock		106.8	
Interest Expense on 8-1/4% Convertible Notes, Net of Applicable Tax	17.8	17.8	15.8
Fully Diluted Earnings on Common Shares Before Extraordinary Items and Changes in Accounting Principles	5.9	364.6	189.9
Extraordinary Items	(7.7)	(26.4)	65.0
Effect of Changes in Accounting Principles		230.2	
Fully Diluted Earnings (Loss) on Common Shares	$ (1.8)	$ 568.4	$ 254.9

Fully Diluted Earnings (Loss) Per Common Share			
Before Extraordinary Items and Changes in Accounting Principles	$ .03	$ 1.48	$ 1.04
Extraordinary Items	(.04)	(.11)	.36
Effect of Changes in Accounting Principles		.94	
Total	$ (.01)	$ 2.31	$ 1.40
Earnings (Loss) Per Common Share as Reported			
Primary			
Before Extraordinary Items and Changes in Accounting Principles	$ (.07)	$ 1.46	$ 1.06
Extraordinary Items	(.04)	(.16)	.40
Effect of Changes in Accounting Principles		1.39	
Total	$ (.11)*	$ 2.69	$ 1.46
Fully Diluted			
Before Extraordinary Items and Changes in Accounting Principles	$ (.07)	$ 1.48	$ 1.04
Extraordinary Items	(.04)	(.11)	.36
Effect of Changes in Accounting Principles		.94	
Total	$ (.11)*	$ 2.31	$ 1.40 **

* Based on weighted average number of outstanding common shares since inclusion of common stock equivalents or assumed conversion of 8 1/4% notes or Series A Convertible Preferred Stock would have been antidilutive.

** Excludes assumed conversion and add back of dividends on Series A Convertible Preferred Stock since it would be antidilutive.

Exhibit 12

UNISYS CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
($ in millions)

	Years Ended December 31				
	1994	1993	1992	1991	1990
Income (loss) before income taxes	$ 153.2	$ 503.4	$ 435.6	$(1,288.3)	$(337.3)
Add (deduct) share of loss (income) of associated companies	16.6	14.5	3.2	(6.5)	(51.8)
Subtotal	169.8	517.9	438.8	(1,294.8)	(389.1)
Interest expense (net of interest capitalized)	203.7	241.7	340.6	407.6	446.7
Amortization of debt issuance expenses	6.2	6.6	4.8	1.8	1.5
Portion of rental expense representative of interest	70.1	76.0	84.3	86.4	82.5
Total Fixed Charges	280.0	324.3	429.7	495.8	530.7
Earnings (loss) before income taxes and fixed charges	$ 449.8	$ 842.2	868.5	$(799.0)	$141.6
Ratio of earnings to fixed charges	1.61	2.60	2.02	(a)	(a)

(a) Earnings in 1991 and 1990 were inadequate to cover fixed charges by $1,294.8 million and $389.1 million, respectively.

Exhibit 13

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

In 1994, the Company reported net income of $100.5 million compared to net income of $565.4 million in 1993. The 1994 results include a special pretax charge of $186.2 million ($133.1 million after tax). Excluding the effects of the special charge, extraordinary items and accounting changes, fully diluted earnings per common share in 1994 were $.71 compared to $1.48 a year ago.

In the fourth quarter of 1994, the Company recorded a special pretax charge of $186.2 million ($133.1 million after tax), or $.78 per fully diluted common share. The purpose of the charge was to reduce the Company's overall cost structure. The charge principally relates to a work force reduction of approximately 4,600 people. As a result of this action, the Company expects to create annual savings estimated at more than $200 million. See Note 2 of the Notes to Consolidated Financial Statements.

During 1995, the Company will focus on achieving profitable revenue growth and further reducing its cost structure. The Company expects that, in the near term, profit pressures will continue before the favorable effects of the restructuring are realized.

Results of Operations

Revenue for 1994 was $7.4 billion, down 4% from 1993 revenue of $7.7 billion. The largest decline (18%) occurred in the Government Systems business, which continues to be impacted by a decline in government spending and increased competition. Sales declined 13% to $4.1 billion in 1994 from $4.7 billion in 1993, due to decreases in sales of enterprise systems and servers (14%), software (9%), and custom defense systems (21%). Services revenue increased 24% to $2.0 billion in 1994 from $1.6 billion in 1993 as the Company continued to implement its strategy to aggressively grow its services and systems integration business. This business is now the Company's largest single revenue stream with 27% of total revenue in 1994 compared to 21% in 1993 and 16% in 1992. Equipment maintenance revenue declined 7% to $1.3 billion in 1994 from $1.4 billion in 1993, due principally to a decline in equipment sales and improved product reliability.

Revenue for 1993 was $7.7 billion, down 8% from 1992 revenue of $8.4 billion. Sales declined 13% to $4.7 billion in 1993 from $5.4 billion in 1992, due to decreases in sales of enterprise systems and servers, departmental servers and desktop systems, and custom defense systems, offset in part by an increase in software revenue. Services revenue increased 19% to $1.6 billion in 1993 from $1.3 billion in 1992. Equipment maintenance revenue declined 14% to $1.4 billion in 1993 from $1.7 billion in 1992, due principally to a decline in equipment sales and improved product reliability.

Revenue from international operations in 1994 was $3.8 billion, up 3% from 1993, due principally to an increase in revenue in Japan. Revenue from the remainder of the Pacific Asia area and from Europe was approximately the same as last year. The effect of foreign currency translation on 1994 revenue was not material. Revenue from U.S. operations in 1994 was $3.6 billion, down 11% from 1993. This decline was caused by a 20% reduction in U.S. revenue from the Government Systems business. Revenue from operations outside the U.S. in 1993 was $3.7 billion, down 14% from 1992. Approximately 35% of this revenue decline was due to the negative impact of currency translation. Revenue from U.S. operations in both 1993 and 1992 was $4.1 billion.

In 1994, the Company received approximately 16% of its revenue from custom defense systems, down from 20% in both 1993 and 1992. A substantial portion of this revenue was derived from contracts with agencies of the U.S. Department of Defense and the Canadian Department of National Defence. Any future declines in defense industry spending or increased competition could affect the Company's ability to obtain new defense contracts, and no assurance can be given that current, in-process, multiple-year contracts will not be downsized or discontinued.

Total gross profit margin decreased to 33% in 1994 (35% excluding the 1994 special charge) from 37% in 1993. Sales gross profit margin in 1994 was 39% (both before and after the charge) compared to 41% in 1993; services gross profit margin for 1994 was 21% (22% excluding the charge) compared to 23% in 1993; and equipment maintenance gross profit margin for 1994 was 35% (40% excluding the charge) compared to 43% in 1993. Total gross profit margin is expected to continue to be pressured by competitive pricing and the continuing shift to lower-margin products and services. In addition, business risks associated with services contracts, particularly large, multi-year, fixed-price systems integration contracts, may from time to time create volatility in margins.

In 1992, total gross profit margin was 36%, sales gross profit margin was 38%, services gross profit margin was 21%, and equipment maintenance gross profit margin was 42%.

Selling, general and administrative expenses for 1994 were $1.7 billion, an increase of 1% from $1.6 billion in 1993. Exclusive of the special charge, selling, general and administrative expenses were $1.6 billion in 1994, a slight decline from 1993. Selling, general and administrative expenses were $1.8 billion in 1992. Total employment at December 31, 1994 was approximately 46,300 compared to approximately 49,000 at December 31, 1993 and 54,300 at December 31, 1992.

Research and development expenses in 1994 were $483.4 million compared to $515.2 million in 1993, a decline of 6%. Exclusive of the special charge, research and development expenses were $455.5 million in 1994, a decline of 12% from 1993. Research and development expenses in 1993 were $515.2 million compared to $535.9 million in 1992. The reduction in 1994 principally reflects the Company's move to common hardware platforms and technologies. The declines are also consistent with the continuing shift of revenue to services business which requires less research and development.

As a result of the above, operating income was $306.0 million in 1994 (4.1% of revenue) compared to $734.1 million in 1993 (9.5% of revenue) and $720.7 million in 1992 (8.6% of revenue). Exclusive of the special charge, operating income in 1994 was $491.2 million, or 6.6% of revenue.

Interest expense was $203.7 million in 1994, down from $241.7 million in 1993, reflecting principally lower average debt levels. Interest expense in 1993 was down from $340.6 million in 1992, reflecting both lower average debt levels and lower average interest rates.

Other income in 1994 was $50.9 million compared to $11.0 million in 1993 and $55.5 million in 1992. The increase in other income in 1994 compared to 1993 was due principally to favorable foreign currency translation and lower contingency expenses related to "Ill Wind" settlement payments. Included in 1994 and 1993 are charges of $.7 million and $20.0 million, respectively, related to the "Ill Wind" settlement. This settlement requires the Company to make contingency payments based on proceeds from asset sales and on net income. Since net income after preferred dividends for 1994 was a loss, no contingency payments were due on this aspect of the settlement. The $.7 million represents amounts due on proceeds from asset sales. The maximum contingent amount payable in 1995 under this settlement agreement is $40.0 million.

It is the Company's policy to minimize its exposure to foreign currency fluctuations. On a net basis, and after taking into account the cost of the Company's hedging program, foreign currency effects had a minimal effect on pretax results in each of the past three years.

Income before income taxes for 1994 was $153.2 million ($339.4 million exclusive of the special charge). Income before income taxes in 1993 and 1992 was $503.4 million and $435.6 million, respectively.

Estimated income taxes were $45.0 million in 1994 ($98.1 million before the special charge) compared with $141.8 million in 1993 and $139.4 million in 1992. Included in 1993 is a net benefit of $19.2 million, or $.09 per fully diluted common share, relating to a U.S. tax law change enacted in August of 1993. This law increased the top corporate tax rate from 34% to 35% retroactive to January 1, 1993. Since the Company had net deferred tax assets in the U.S., the effect of the tax rate change was to increase these tax assets with a corresponding reduction in provision for taxes. The 1995 worldwide effective tax rate is expected to be approximately 34%.

Net income for 1994 was $100.5 million compared to $565.4 million in 1993 and $361.2 million in 1992. Income before the special charge, extraordinary items, and changes in accounting principles was $241.3 million in 1994, $361.6 million in 1993 and $296.2 million in 1992.

Excluding the effects of the special charge, extraordinary items, and accounting changes, fully diluted earnings per common share in 1994 were $.71 compared to $1.48 in 1993 and $1.04 in 1992.

Accounting Changes and Extraordinary Items

Effective January 1, 1994, the Company adopted the Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS")112, "Employers' Accounting for Postemployment Benefits Other Than Pensions." SFAS 112 establishes financial accounting standards for employers that provide benefits to former or inactive employees after employment but before retirement. The effect of adoption on the Company's consolidated financial position, consolidated statement of income, and liquidity was immaterial.

Effective January 1, 1994, the Company also adopted SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities" and SFAS 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments." SFAS 115 establishes financial accounting standards for investments in equity securities that have readily determinable fair values and for all investments in debt securities. SFAS 119 establishes disclosure requirements about derivative financial instruments.

In 1994, the Company recorded an extraordinary charge for repurchases of debt of $7.7 million, net of $5.1 million of income tax benefits, or $.04 per fully diluted common share.

Effective January 1, 1993, the Company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of SFAS 106 decreased net income for 1993 by $194.8 million, net of $124.5 million of income tax benefits, or $.79 per fully diluted common share, and the adoption of SFAS 109 increased net income for 1993 by $425.0 million, or $1.73 per fully diluted common share. See Notes 4 and 12 of the Notes to Consolidated Financial Statements.

At December 31, 1994, the Company had deferred tax assets in excess of deferred tax liabilities of $1,155 million. For the reasons cited below, management believes that it is more likely than not that $828 million of such assets will be realized, therefore resulting in a valuation allowance of $327 million. In assessing the likelihood of realization of this asset, the Company has considered various factors including its forecast of future taxable income and available tax planning strategies that could be implemented to realize deferred tax assets.

The principal basis used to assess the likelihood of realization was the Company's forecast of future taxable income which was adjusted by applying probability factors to the achievement of this forecast. Forecasted taxable income is expected to arise from ordinary and recurring operations and to be sufficient to realize the entire amount of net deferred tax assets. Approximately $2.4 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. The major portion of such carryforwards expire in 1998 and beyond. In addition, substantial amounts of foreign net operating losses have an indefinite carryforward period. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. In recent years, the information management business has undergone dramatic changes and there can be no assurance that in the future there could not be increased competition or other factors which may result in a decline in sales or margins, loss of market share, or technological obsolescence. The Company will evaluate quarterly the realizability of its net deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary.

In 1993, the Company settled certain lawsuits in connection with its sale of the Sperry Aerospace Group in December 1986 to Honeywell, Inc. The Aerospace Group was part of Sperry Corporation, which was acquired by the Company in September 1986 in the largest acquisition at the time in the computer industry. The lawsuits alleged violations of securities laws and fraudulent and negligent misrepresentations of interim financial statements of the Sperry Aerospace Group as of and for the six months ended September 30, 1986 prepared in connection with the sale. The sale of the Aerospace Group as a non-strategic business was part of the financing strategy for the acquisition of Sperry Corporation and was carried out very shortly after the completion of this acquisition. The Aerospace Group operations were never reported in the financial results of the Company. The settlement of litigation arising out of the sale, therefore, was unrelated to the ordinary activities of the Company. Accordingly, the Company reported this litigation settlement as an extraordinary charge of $26.4 million, net of $16.8 million of income tax benefits, or $.11 per fully diluted common share.

In 1992, the Company recorded, in accordance with AICPA Opinion No. 11, an extraordinary item of $65.0 million, or $.36 per fully diluted common share, related to the tax benefit of book operating loss carryforwards. Since these tax benefits were not previously recognized in the Company's financial statements, accounting rules followed by the Company at that time required that they be reported as an extraordinary item in the results of operations in the period when they were realized.

Financial Condition

Net cash provided by operating activities amounted to $648.8, $1,019.7, and $1,176.5 million in 1994, 1993, and 1992, respectively. Investments in properties and rental equipment were $225.7, $196.8, and $251.7 million in 1994, 1993, and 1992, respectively. Proceeds from sales of properties were $24.8, $26.5, and $90.3 million in 1994, 1993, and 1992, respectively.

During 1994, the Company repurchased and redeemed $112.5 million of debt. The Company intends, from time to time, to continue to redeem or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions, and other factors.

In 1993, the Securities and Exchange Commission declared effective a registration statement filed by the Company covering $500 million of debt or equity securities. The registration statement enables the Company to be prepared for future market opportunities. Proceeds from future offerings of these securities are anticipated to be used for general corporate purposes, including reduction or refinancing of debt.

The Company has a $300 million revolving credit agreement with a syndicate of banks, which expires on May 31, 1995. This agreement provides for short-term borrowings and up to $100 million of letters of credit. During 1994, there were no borrowings under this agreement.

At December 31, 1994, total debt was $1.9 billion, a decline of $111.8 million from December 31, 1993 principally due to the repurchases and redemptions described above. Cash, cash equivalents, and marketable securities at December 31, 1994 were $884.6 million compared to $950.5 million at December 31, 1993. During 1994, debt net of cash and marketable securities decreased $45.9 million to $1.1 billion. As a percent of total capital, debt net of cash and marketable securities was 29% at December 31, 1994 and 1993.

Dividends paid on preferred stock amounted to $228.0 million in 1994 compared to $183.7 million in 1993 and $46.1 million in 1992. The current-year amount includes full payment for all preferred dividend arrearages.

Stockholders' equity decreased $91.0 million during 1994, principally reflecting net income of $100.5 million and favorable currency translation adjustments of $20.0 million offset by preferred dividends of $214.6 million.

The Company expects to settle certain open tax years with the Internal Revenue Service in late 1995 or early 1996. It is expected that such settlements will result in cash payments of approximately $130 million (including interest). These payments will not affect earnings since provision for these taxes has been made in prior years.

Consolidated Statement of Income
Unisys Corporation

Year Ended December 31 (Millions, except per share data)	1994	1993	1992
Revenue			
Sales	$4,077.8	$4,705.4	$5,399.5
Services	1,980.2	1,593.1	1,336.4
Equipment maintenance	1,341.7	1,444.0	1,686.0
	7,399.7	7,742.5	8,421.9
Costs and expenses			
Cost of sales	2,507.2	2,798.7	3,342.8
Cost of services	1,561.1	1,225.2	1,061.6
Cost of equipment maintenance	872.7	820.4	980.1
Selling, general and administrative expenses	1,669.3	1,648.9	1,780.8
Research and development expenses	483.4	515.2	535.9
	7,093.7	7,008.4	7,701.2
Operating income	306.0	734.1	720.7
Interest expense	203.7	241.7	340.6
Other income, net	50.9	11.0	55.5
Income before income taxes	153.2	503.4	435.6
Estimated income taxes	45.0	141.8	139.4
Income before extraordinary items and changes in accounting principles	108.2	361.6	296.2
Extraordinary items	(7.7)	(26.4)	65.0
Effect of changes in accounting principles		230.2	
Net income	100.5	565.4	361.2
Dividends on preferred shares	120.1	121.6	122.1
Earnings (loss) on common shares	$ (19.6)	$ 443.8	$ 239.1
Earnings (loss) per common share			
Primary			
Before extraordinary items and changes in accounting principles	$ (.07)	$ 1.46	$ 1.06
Extraordinary items	(.04)	(.16)	.40
Effect of changes in accounting principles		1.39	
Total	$ (.11)	$ 2.69	$ 1.46
Fully diluted			
Before extraordinary items and changes in accounting principles	$ (.07)	$ 1.48	$ 1.04
Extraordinary items	(.04)	(.11)	.36
Effect of changes in accounting principles		.94	
Total	$ (.11)	$ 2.31	$ 1.40

See notes to consolidated financial statements.

Consolidated Balance Sheet
Unisys Corporation

December 31 (Millions)	1994	1993
Assets		
Current assets		
Cash and cash equivalents	$ 868.4	$ 835.4
Marketable securities	16.2	115.1
Accounts and notes receivable, net	1,063.8	1,088.2
Inventories	773.0	753.9
Deferred income taxes	310.5	313.4
Other current assets	109.6	94.1
Total	3,141.5	3,200.1
Long-term receivables, net	75.1	104.3
Properties and rental equipment	2,714.3	2,776.0
Less-Accumulated depreciation	1,780.6	1,814.2
Properties and rental equipment, net	933.7	961.8
Cost in excess of net assets acquired	1,142.5	1,183.9
Investments at equity	315.8	303.6
Deferred income taxes	583.2	543.8
Other assets	1,132.1	1,221.7
Total	$7,323.9	$7,519.2

Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 8.9	$ 6.0
Current maturities of long-term debt	71.2	25.0
Accounts payable	986.1	1,027.0
Other accrued liabilities	1,178.9	1,016.1
Dividends payable	26.6	39.9
Estimated income taxes	237.7	251.9
Total	2,509.4	2,365.9
Long-term debt	1,864.1	2,025.0
Other liabilities	345.9	432.8
Stockholders' equity		
Preferred stock	1,570.3	1,570.2
Common stock, shares issued: 1994 - 171.8; 1993 - 171.2	1.7	1.7
Retained earnings	45.7	159.8
Other capital	986.8	963.8
Stockholders' equity	2,604.5	2,695.5
Total	$7,323.9	$7,519.2

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows
Unisys Corporation

Year Ended December 31 (Millions)	1994	1993	1992
Cash flows from operating activities			
Net income	$ 100.5	$ 565.4	$ 361.2
Add (deduct) items to reconcile net income to net cash provided by operating activities:			
Effects of extraordinary items and changes in accounting principles	7.7	(203.8)	(65.0)
Depreciation	258.3	290.8	357.0
Amortization:			
Marketable software	150.5	144.6	131.8
Cost in excess of net assets acquired	41.4	41.3	41.4
(Increase) decrease in deferred income taxes, net	(55.8)	202.6	(12.2)
Decrease in receivables, net	40.7	313.3	594.6
(Increase) decrease in inventories	(19.1)	119.9	151.0
Increase (decrease) in accounts payable and other accrued liabilities	145.7	(314.4)	(347.1)
(Decrease) increase in estimated income taxes	(12.2)	(164.9)	16.3
(Decrease) in other liabilities	(69.6)	(61.2)	(20.3)
Decrease (increase) in other assets	44.9	53.7	(172.6)
Other	15.8	32.4	140.4
Net cash provided by operating activities	648.8	1,019.7	1,176.5
Cash flows from investing activities			
Proceeds from investments	1,792.7	1,821.2	2,060.1
Purchases of investments	(1,816.4)	(1,829.4)	(2,033.7)
Proceeds from marketable securities	197.9	146.5	
Purchases of marketable securities	(97.2)	(187.2)	(73.7)
Proceeds from sales of properties	24.8	26.5	90.3
Investment in marketable software	(121.3)	(118.7)	(110.2)
Capital additions of properties and rental equipment	(225.7)	(196.8)	(251.7)
Net cash used for investing activities	(245.2)	(337.9)	(318.9)
Cash flows from financing activities			
Proceeds from issuance of debt			973.6
Principal payments of debt	(140.1)	(394.4)	(404.7)
Net proceeds from (reduction in) short-term borrowings	2.9	(47.2)	(1,362.2)
Dividends paid on preferred shares	(228.0)	(183.7)	(46.1)
Other	3.7	7.1	1.7
Net cash used for financing activities	(361.5)	(618.2)	(837.7)
Effect of exchange rate changes on cash and cash equivalents	(9.1)	(37.3)	(24.4)
Increase (decrease) in cash and cash equivalents	33.0	26.3	(4.5)
Cash and cash equivalents, beginning of year	835.4	809.1	813.6
Cash and cash equivalents, end of year	$ 868.4	$ 835.4	$ 809.1

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Unisys Corporation

1. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of all wholly owned subsidiaries. Investments in companies representing ownership interests of 20% to 50% are accounted for by the equity method.

Cash equivalents

All short-term investments purchased with a maturity of three months or less are classified as cash equivalents.

Marketable securities

Marketable securities, consisting principally of unsecured corporate obligations, are carried at cost plus accrued interest, which approximates market.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined principally on the first-in, first-out method.

Properties, rental equipment and depreciation

Properties and rental equipment are carried at cost and are depreciated over the estimated lives of such assets using the straight-line method. Leasehold improvements are amortized over the shorter of the asset lives or the terms of the respective leases. The principal rates used are summarized below by classification of properties:

	Rate per Year (%)
Buildings	2-5
Machinery and equipment	5-25
Tools and test equipment	10-33 1/3
Rental equipment	25

Revenue recognition

Sales revenue is generally recorded upon shipment of product in the case of sales contracts, upon shipment of the program in the case of software, and upon installation in the case of sales-type leases. Revenue from services and equipment maintenance is recorded as earned over the lives of the respective contracts.

Revenue under cost-type contracts is recognized when costs are incurred, and under fixed-price contracts when products or services are accepted and billings can be made. General and administrative expenses are charged to income as incurred. Cost of revenue under long-term contracts is charged based on current estimated total costs. When estimates indicate a loss under a contract, cost of revenue is charged with a provision for such loss.

Income taxes
- ------------

Income taxes are provided on taxable income at the statutory rates applicable to such income. Deferred taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries since such amounts are expected to be reinvested indefinitely.

Earnings per common share
- -------------------------

In 1994, the computation of both primary and fully diluted earnings per share was based on the weighted average number of outstanding common shares. The inclusion of additional shares assuming the exercise of stock options, conversion of Series A Cumulative Convertible Preferred Stock, or conversion of the 8 1/4% convertible subordinated notes due August 1, 2000 would have been antidilutive. In 1993 and 1992, the computation of primary earnings per share was based on the weighted average number of outstanding common shares and additional shares assuming the exercise of stock options, and the computation of fully diluted earnings per share assumed the conversion of the 8 1/4% convertible subordinated notes due August 1, 2000. The computation of fully diluted earnings per share for 1993 further assumed conversion of Series A Cumulative Convertible Preferred Stock. The inclusion of additional shares assuming the conversion of Series A Cumulative Convertible Preferred Stock would have been antidilutive in 1992. The shares used in the computations for the three years ended December 31, 1994 were as follows (in thousands):

	1994	1993	1992
Primary	170,752	165,070	163,725
Fully diluted	170,752	246,550	181,813

Software capitalization
- ----------------------

The cost of development of computer software to be sold or leased is capitalized and amortized to cost of sales over the estimated revenue-producing lives of the products, but not in excess of three years following product release. Unamortized marketable software costs (which are included in other assets) at December 31, 1994 and 1993 were $265.3 and $294.5 million, respectively.

Cost in excess of net assets acquired
- ------------------------------------

Cost in excess of net assets acquired represents the excess of cost over fair value of the net assets of Sperry Corporation and Convergent, Inc., which is being amortized on the straight-line method over 40 years and 12 years, respectively. Accumulated amortization at December 31, 1994 and 1993 was $566.1 and $524.7 million, respectively.

The carrying value of cost in excess of net assets acquired is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If such an event occured, the Company would prepare projections of future results of operations for the remaining amortization period. If such projections indicated that the cost in excess of net assets acquired would not be recoverable, the Company's carrying value of such asset would be reduced by the estimated excess of such value over projected income.

Translation of foreign currency
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The local currency is the functional currency for most of the Company's international subsidiaries and, as such, assets and liabilities are translated into U.S. dollars at year-end exchange rates. Income and expense items are translated at average exchange rates during the year. Translation adjustments resulting from changes in exchange rates are reported in a separate component of stockholders' equity. Exchange gains and losses on certain forward exchange contracts designated as hedges of international net investments and exchange gains and losses on intercompany balances of a long-term investment nature are also reported in the separate component of stockholders' equity.

For those international subsidiaries operating in hyperinflationary economies, the U.S. dollar is the functional currency and, as such, nonmonetary assets and liabilities are translated at historical exchange rates and monetary assets and liabilities are translated at current exchange rates. Exchange gains and losses arising from translation are included in other income.

The Company also enters into forward exchange contracts and options which have been designated as hedges of certain transactional exposures. Gains and losses on these instruments are deferred and are recognized in income together with the transaction being hedged.

2. 1994 special charge

In the fourth quarter of 1994, the Company recorded a pretax charge of $186.2 million, $133.1 million after tax, or $.78 per fully diluted common share. The charge was related to involuntary employee termination benefits including severance, notice pay, medical and other benefits for approximately 4,600 people and was taken to reduce the Company's cost structure. Such costs were accrued and charged to expense in accordance with a management plan which was approved and announced in the fourth quarter of 1994. Actual costs incurred are charged to the accrued liability when the actions are taken.

The 1994 pretax charge of $186.2 million was recorded in the statement of income as follows: cost of sales, $30.3 million; cost of services, $17.5 million; cost of equipment maintenance, $61.8 million; selling, general and administrative expenses, $47.7 million; research and development expenses, $27.9 million; and other income, net, $1.0 million.

Cash expenditures during 1994 relating to the current actions were $6.3 million for 825 terminations, and are expected to be approximately $150 million in 1995. The remainder, which relates primarily to foreign operations, is expected to be expended in 1996.

3. Accounting changes and extraordinary items

Effective January 1, 1994, the Company adopted the Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS")112, "Employers' Accounting for Postemployment Benefits Other Than Pensions." SFAS 112 establishes financial accounting standards for employers that provide benefits to former or inactive employees after employment but before retirement. The effect of adoption on the Company's consolidated financial position, consolidated statement of income, and liquidity was immaterial.

Effective January 1, 1994, the Company also adopted SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities" and SFAS 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments." SFAS 115 establishes financial accounting standards for investments in equity securities that have readily determinable fair values and for all investments in debt securities. SFAS 119 establishes disclosure requirements about derivative financial instruments.

In 1994, the Company recorded an extraordinary charge for the repurchases of debt of $7.7 million, net of $5.1 million of income tax benefits, or $.04 per fully diluted common share.

Effective January 1, 1993, the Company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of SFAS 106 decreased net income $194.8 million, net of $124.5 million of income tax benefits, or $.79 per fully diluted common share, and the adoption of SFAS 109 increased net income by $425.0 million, or $1.73 per fully diluted common share. For further discussion of SFAS 106 and 109, see notes 12 and 4, respectively.

In 1993, the Company settled certain lawsuits in connection with its sale of the Sperry Aerospace Group in December 1986 to Honeywell, Inc. The Aerospace Group was part of Sperry Corporation, which was acquired by the Company in September 1986 in the largest acquisition at the time in the computer industry. The lawsuits alleged violations of securities laws and fraudulent and negligent misrepresentations of interim financial statements of the Sperry Aerospace Group as of and for the six months ended September 30, 1986 prepared in connection with the sale. The sale of the Aerospace Group as a non-strategic business was part of the financing strategy for the acquisition of Sperry Corporation and was carried out very shortly after the completion of this acquisition. The Aerospace Group operations were never reported in the financial results of the Company. The settlement of litigation arising out of the sale, therefore, was unrelated to the ordinary activities of the Company. Accordingly, the Company reported this litigation settlement as an extraordinary charge of $26.4 million, net of $16.8 million of income tax benefits, or $.11 per fully diluted common share.

In 1992, the Company recorded an extraordinary item of $65.0 million, or $.36 per fully diluted common share, related to the tax benefit of book operating loss carryforwards. See note 4.

4. Estimated income taxes

Year ended December 31 (Millions)	1994	1993	1992
Income before income taxes			
United States	$ 23.3	$375.7	$129.9
Foreign	129.9	127.7	305.7
Total income before income taxes	$153.2	$503.4	$435.6
Estimated income taxes			
Current			
United States	$ 25.0	$ (2.0)	$ 38.4
Foreign	87.9	(34.3)	119.6
State and local	(12.1)	(10.2)	2.3
Total	100.8	(46.5)	160.3
Deferred			
United States	(32.8)	127.8	
Foreign	(23.0)	47.5	(20.9)
State and local		13.0	
Total	(55.8)	188.3	(20.9)
Total estimated income taxes	$ 45.0	$141.8	$139.4

Reconciliation of United States statutory tax rate to effective tax rate follows:

Year ended December 31	1994	1993	1992
United States statutory income tax rate	35.0%	35.0%	34.0%
State taxes	(7.9)	.8	.4
Tax refund claims	(21.9)	(.8)	(3.9)
Amortization of cost in excess of net assets acquired	9.4	2.9	3.2
Difference in estimated income taxes on foreign earnings and remittances	14.0	(2.8)	(.5)
Change in U.S. tax rate		(3.8)	
Other	.8	(3.1)	(1.2)
Effective tax rate	29.4%	28.2%	32.0%

The Company adopted SFAS 109 effective January 1, 1993. Prior years' financial statements have not been restated. Under the provisions of SFAS 109, deferred tax assets and liabilities are recognized using enacted tax rates and reflect the effect of "temporary differences" between the recorded amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities.

The tax effects of temporary differences and carryforwards which give rise to significant portions of deferred tax assets and liabilities at December 31, 1994 and 1993 were as follows:

December 31 (Millions)	1994	1993
Deferred tax assets:		
Tax loss carryforwards	$ 470.7	$ 379.5
Foreign tax credit carryforwards	287.4	334.8
Other tax credit carryforwards	81.2	93.0
Capitalized R&D	134.6	171.4
Depreciation	113.7	115.2
Postretirement benefits	122.9	112.8
Employee benefits	81.4	91.5
Restructuring	82.3	60.3
Other	255.2	239.0
	1,629.4	1,597.5
Valuation allowance	(326.8)	(350.1)
Total deferred tax assets	$1,302.6	$1,247.4
Deferred tax liabilities:		
Pensions	$ 305.4	$ 281.4
Other	168.8	193.4
Total deferred tax liabilities	$ 474.2	$ 474.8

SFAS 109 requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. During 1994, the net decrease in the valuation allowance was $23.3 million.

Cumulative undistributed earnings of foreign subsidiaries, for which no U.S. income or foreign withholding taxes have been recorded, approximated $600 million at December 31, 1994. Such earnings are expected to be reinvested indefinitely. Determination of the amount of unrecognized deferred tax liability with respect to such earnings is not practicable. The additional taxes payable on the earnings of foreign subsidiaries, if remitted, would be substantially offset by U.S. tax credits for foreign taxes already paid. While there are no specific plans to distribute the undistributed earnings in the immediate future, where economically appropriate to do so, such earnings may be remitted.

Cash paid during 1994, 1993, and 1992 for income taxes was $87.6, $118.1, and $157.5 million, respectively.

At December 31, 1994, the Company has U.S. federal and state and local tax loss carryforwards and foreign tax loss carryforwards for certain foreign subsidiaries, the tax effect of which is approximately $470.7 million. These carryforwards will expire as follows (in millions): 1995, $31.5; 1996, $16.7;

1997, $11.5; 1998, $16.9; 1999, $35.7; and $358.4 thereafter. The Company also has available tax credit carryforwards of approximately $368.6 million, which will expire as follows (in millions): 1995, $96.6; 1996, $2.6; 1997, $2.1; 1998, $114.6; 1999, $94.4; and $58.3 thereafter.

In 1992, the Company recorded, in accordance with AICPA Opinion No. 11, an extraordinary item of $65.0 million, or $.36 per fully diluted common share, related to the tax benefit of book operating loss carryforwards. Since these tax benefits were not previously recognized in the Company's financial statements, accounting rules followed by the Company at that time required that they be reported as an extraordinary item in the results of operations in the period when they were realized.

In 1994, the Internal Revenue Service continued its audit of Sperry Corporation for the years ended March 31, 1985 and 1986 and for the short period ended September 16, 1986. The audit of Timeplex, Inc. for the period July 1, 1984 to January 22, 1988 was completed in 1994, with agreements reached on all outstanding issues. The Company is currently contesting issues in connection with Sperry Corporation for the years ended March 31, 1980-1984, and for Convergent, Inc. for the years 1981-1988. In management's opinion, adequate provisions for income taxes have been made for all years.

5 Current and long-term receivables, net

Current and long-term receivables, net comprise the following:

December 31 (Millions)	1994	1993
Accounts receivable, net	$1,029.4	$1,052.9
Sales-type leases, net	83.9	112.5
Installment accounts, net	25.6	27.1
Total, net	1,138.9	1,192.5
Less - Current receivables, net	1,063.8	1,088.2
Long-term receivables, net	$ 75.1	$ 104.3

6 Inventories

Inventories comprise the following:

December 31 (Millions)	1994	1993
Finished equipment and supplies	$ 355.0	$ 354.1
Work in process and raw materials	418.0	399.8
Total inventories	$ 773.0	$ 753.9

At December 31, 1994 and 1993, inventories included $297.4 and $288.0 million, respectively, of costs related to long-term contracts or programs. Progress payments applied against inventories at December 31, 1994 and 1993 amounted to $83.9 and $108.5 million, respectively.

7 Properties and rental equipment

Properties and rental equipment comprise the following:

December 31 (Millions)	1994	1993
Land	$ 101.2	$ 105.6
Buildings	343.6	362.7
Machinery and equipment	1,511.0	1,489.3
Tools and test equipment	334.2	362.4
Unamortized leasehold improvements	51.9	51.8
Construction in progress	33.3	25.6
Rental equipment	339.1	378.6
Total properties and rental equipment	$2,714.3	$2,776.0

8 Other accrued liabilities

Other accrued liabilities comprise the following:

December 31 (Millions)	1994	1993
Payrolls and commissions	$ 337.0	$ 360.0
Customers' deposit and prepayments	436.0	353.8
Taxes other than income taxes	157.5	143.7
Restructuring	209.3	111.1
Other	39.1	47.5
Total other accrued liabilities	$1,178.9	$1,016.1

9 Long-term debt

Long-term debt comprises:

December 31 (Millions)	1994	1993
10 5/8% senior notes due 1999	$ 330.1	$ 400.0
8 1/4% convertible subordinated notes due 2000	345.0	345.0
9 3/4% senior notes due 1996	238.1	250.0
Credit sensitive notes due 1997	291.8	300.0
9 3/4% senior sinking fund debentures due 2016	190.0	190.0
9 1/2% notes due 1998	197.5	200.0
8 7/8% notes due 1997	135.0	135.0
6 3/4% bonds due 1995	17.1	16.8
Japanese yen, 5.52% due 1996	100.3	100.3
11 3/8% subordinated notes due 1995	50.0	50.0
8.2% sinking fund debentures		20.0
Other	40.4	42.9
Total	1,935.3	2,050.0
Less - Current maturities	71.2	25.0
Total long-term debt	$1,864.1	$2,025.0

Total long-term debt maturities in 1995, 1996, 1997, 1998, and 1999 are $71.2, $342.3, $427.8, $208.4, and $341.5 million, respectively.

Cash paid during 1994, 1993, and 1992 for interest was $208.9, $256.7, and $324.7 million, respectively.

The Company has a $300 million revolving credit agreement with a syndicate of banks which expires on May 31, 1995. This agreement provides for short-term borrowings and up to $100 million of letters of credit. The terms of the agreement, which were revised to adjust for the 1994 special charge, provide for a minimum net worth requirement and interest coverage ratio, as defined therein. Additional terms include a limitation on the payment of dividends, prepayment of debt, and amount of outstanding debt. The Company is required to have no borrowings outstanding under the revolving credit agreement for thirty consecutive days, or fifteen consecutive days during each half, of each calendar year. During 1994, there were no borrowings under this agreement, and at December 31, 1994, the Company was in compliance with all of its terms.

The Company pays commitment fees on the unused amount of the revolving credit agreement; there are no compensating balance requirements. Revolving credit borrowings, at the Company's option, are at the agent bank's base rate or the London Interbank Offered Rate, plus a margin depending on the Company's debt rating on its outstanding senior unsecured long-term debt securities. Commissions for letters of credit also vary depending on such debt rating. In addition, international subsidiaries maintain short-term credit arrangements with banks in accordance with local customary practice.

10 Leases

Rental expense, less income from subleases, for 1994, 1993, and 1992 was $210.2, $228.1, and $253.0 million, respectively.

Minimum net rental commitments under noncancelable operating leases outstanding at December 31, 1994, substantially all of which relate to real properties, were as follows: 1995, $186.6 million; 1996, $164.4 million; 1997, $135.3 million; 1998, $107.9 million; 1999, $89.0 million; and thereafter, $546.1 million.

11 Business segment information

The Company operates primarily in one business segment-information systems and related services and supplies. This segment represents more than 90% of consolidated revenue, operating profit and identifiable assets. The Company's operations are structured to achieve consolidated objectives. As a result, significant interdependencies and overlaps exist among the Company's operating units. Accordingly, the revenue, operating profit and identifiable assets shown for each geographic area may not be indicative of the amounts which would have been reported if the operating units were independent of one another.

Sales and transfers between geographic areas are generally priced to recover cost plus an appropriate mark-up for profit. Operating profit is revenue less related costs and direct and allocated operating expenses, excluding interest and the unallocated portion of corporate expenses. Corporate assets are those assets maintained for general purposes, principally cash and cash equivalents, marketable securities, costs in excess of net assets acquired, prepaid pension assets, deferred taxes, investments at equity, and corporate facilities.

No single customer accounts for more than 10% of revenue. Revenue from various agencies of the U.S. Government approximated $1,628, $2,287, and $2,424 million in 1994, 1993, and 1992, respectively.

A summary of the Company's operations by geographic area is presented below:

(Millions)	1994	1993	1992
United States			
Customer revenue	$ 3,634.5	$ 4,072.5	$ 4,149.7
Affiliate revenue	772.3	1,054.4	1,396.2
Total	$ 4,406.8	$ 5,126.9	$ 5,545.9
Operating profit	$ 129.7	$ 461.6	$ 303.4
Identifiable assets	1,698.5	1,880.3	2,455.9
Europe			
Customer revenue	$ 1,940.1	$ 1,930.8	$ 2,477.8
Affiliate revenue	47.2	107.5	163.7
Total	$ 1,987.3	$ 2,038.3	$ 2,641.5
Operating profit (loss)	$ (82.0)	$ (164.3)	$ 58.2
Identifiable assets	758.2	702.4	1,043.0
Americas/Pacific			
Customer revenue	$ 1,825.1	$ 1,739.2	$ 1,794.4
Affiliate revenue	186.7	182.9	231.6
Total	$ 2,011.8	$ 1,922.1	$ 2,026.0
Operating profit	$ 434.3	$ 488.3	$ 511.7
Identifiable assets	653.8	636.8	726.6
Adjustments and eliminations			
Affiliate revenue	$(1,006.2)	$(1,344.8)	$(1,791.5)
Operating profit	18.4	17.1	9.3
Identifiable assets	(50.7)	(66.6)	(136.8)
Consolidated			
Revenue	$ 7,399.7	$ 7,742.5	$ 8,421.9
Operating profit	$ 500.4	$ 802.7	$ 882.6
General corporate expenses	(143.5)	(57.6)	(106.4)
Interest expense	(203.7)	(241.7)	(340.6)
Income before income taxes	$ 153.2	$ 503.4	$ 435.6
Identifiable assets	$ 3,059.8	$ 3,152.9	$ 4,088.7
Corporate assets	4,264.1	4,366.3	3,460.0
Total assets	$ 7,323.9	$ 7,519.2	$ 7,548.7

12 Employee plans

Retirement benefits

Defined benefit retirement income plans cover the majority of domestic employees and certain employees in countries outside the United States. In the U.S., the Company has retirement plans under which funds are deposited with a trustee. Major subsidiaries outside the United States provide for employee pensions in accordance with local requirements and customary practices, and several maintain funded defined benefit plans.

For plans covered by the Employee Retirement Income Security Act ("ERISA"), the Company's funding policy is to fund in accordance with ERISA funding standards. The various benefit formulas and the funding methods used in the international plans are in accordance with local requirements. Plan assets generally are invested in common stocks, fixed-income securities, insurance contracts, and real estate. At December 31, 1994, the assets of the Company's U.S. pension plans included approximately 2.2 million shares of the Company's common stock valued at approximately $19 million.

Net curtailment gains of $11.3, $5.8, and $18.2 million have been recognized in 1994, 1993, and 1992, respectively.

Other postretirement benefits

The Company provides certain health care benefits for U.S. employees who retired or terminated after qualifying for such benefits. Most international employees are covered by government-sponsored programs and the cost to the Company is not significant. The Company expects to fund its share of such benefit costs principally on a pay-as-you-go basis.

The Company adopted SFAS 106 effective January 1, 1993. Prior years' financial statements have not been restated. SFAS 106 required the Company to change from the cash basis of accounting for such benefits by requiring the accrual, during the years that the employee renders services, of the estimated cost of providing such benefits.

In November 1992, the Company announced changes to its postretirement benefit plans, effective January 1, 1993, whereby the Company's current subsidy will be phased out, ending as of January 1, 1996. Several lawsuits have been brought by plan participants challenging the announced changes to the plans, and the Company is defending them vigorously. In 1994, several of these lawsuits were resolved which resulted in the Company recognizing income of $13.8 million ($8.0 million amortization of prior service benefit and $5.8 million settlement).

Amounts included in expense for 1992, under the previous cash basis of accounting, was $60.5 million. The adoption of SFAS 106 had the effect of decreasing 1993 postretirement benefit expense by $28.1 million, or $.07 per fully diluted common share.

Net periodic postretirement benefit cost for 1994 and 1993 includes the following components:

Year ended December 31 (Millions)	1994	1993
Service cost -		
benefits earned during the period	$ 1.0	$ 1.2
Interest cost on accumulated		
postretirement benefit obligation	22.1	26.1
Amortization of prior service benefit	(8.0)	
Net amortization and deferral	(2.5)	.5
Return on plan assets	.5	(3.3)
Net periodic postretirement benefit cost	$13.1	$24.5

The status of the plan and amounts recognized in the Company's consolidated balance sheet at December 31, 1994 and 1993 were as follows:

Year ended December 31 (Millions)	1994	1993
Actuarial present value of accumulated postretirement benefit obligation:		
Retirees	$240.2	$290.7
Fully eligible active plan participants	16.7	15.1
Other active plan participants	12.3	19.1
	269.2	324.9
Less plan assets at fair value	(26.5)	(30.2)
Accrued postretirement benefit liability in excess of plan assets	242.7	294.7
Unrecognized net loss	(27.9)	(9.9)
Unrecognized prior service benefit	39.2	
Accrued postretirement benefit obligation recognized in the consolidated balance sheet	$254.0	$284.8

As of December 31, 1994, $225.3 million of this liability was classified as long-term and $28.7 million was classified as a current liability.

The assumed rate of return on plan assets was 8% and 10% in 1994 and 1993, respectively, and the weighted average discount rate used to measure the accumulated postretirement benefit obligation was 8.75% at December 31, 1994 and 7.35% at December 31, 1993. The assumed health care cost trend rate used in measuring the expected cost of benefits covered by the plan was 11% for 1995, gradually declining to 6.5% in 2004 and thereafter. A one-percentage point increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation at December 31, 1994 by $13.9 million and increase the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost by $2.4 million.

Stock plans

Under plans approved by the stockholders, stock options, stock appreciation rights, restricted stock and performance units may be granted to officers and other key employees.

Options have been granted to purchase the Company's common stock at 100% of the fair market value at the date of grant. Options have a maximum duration of ten years and become exercisable in annual installments over a two, three or four year period following date of grant.

Retirement benefits
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The plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1994 and 1993 were as follows:

(Millions)	Assets Exceed Accumulated Benefits				Accumulated Benefits Exceed Assets			
	U.S. Plans		Int'l Plans		U.S. Plans		Int'l Plans	
	1994	1993	1994	1993	1994	1993	1994	1993
Actuarial present value of benefit obligations:								
Vested benefit obligation	$2,893.5	$ 3,188.5	$ 519.7	$ 476.7	$ 40.5	$ 44.6	$ 44.9	$ 26.7
Accumulated benefit obligation	$2,975.3	$ 3,306.8	$ 536.0	$ 502.7	$ 42.1	$ 46.9	$ 67.6	$ 42.1
Projected benefit obligation	$3,016.1	$ 3,372.0	$ 603.8	$ 566.6	$ 45.1	$ 51.6	$ 75.7	$ 48.3
Plan assets at fair value	3,211.2	3,431.2	652.8	659.3			42.5	26.2
Projected benefit obligation less than (in excess of) plan assets	195.1	59.2	49.0	92.7	(45.1)	(51.6)	(33.2)	(22.1)
Unrecognized net loss (gain)	561.9	697.0	37.9	(16.7)	4.2	11.6	7.7	.8
Unrecognized prior service (benefit) cost	(143.8)	(172.1)	4.7	12.5	2.2	1.5	2.0	1.7
Unrecognized net (asset) obligation at date of adoption	(.6)	(.8)	(1.8)	(3.2)	4.8	5.7	3.5	4.5
Prepaid pension cost (pension liability) recognized in the consolidated balance sheet	$ 612.6	$ 583.3	$ 89.8	$ 85.3	$ (33.9)	$ (32.8)	$ (20.0)	$ (15.1)

Net periodic pension cost for 1994, 1993, and 1992 includes the following components:

(Millions)	U.S. Plans			International Plans		
	1994	1993	1992	1994	1993	1992
Service cost - benefits earned during the period	$ 60.6	$ 58.9	$ 33.4	$ 22.2	$ 18.4	$ 21.7
Interest cost on projected benefit obligation	249.6	246.8	239.0	42.7	42.3	47.3
Return on assets	6.0	(372.8)	(153.6)	33.8	(116.1)	(49.5)
Net amortization and deferral	(327.6)	41.6	(170.8)	(86.8)	58.2	(10.6)
Net periodic pension (income) cost	$ (11.4)	$ (25.5)	$ (52.0)	$ 11.9	$ 2.8	$ 8.9
The assumptions used to determine the above data were as follows:						
Discount rate	8.75%	7.38%	8.50%	7.48%	6.93%	8.53%
Rate of increase in compensation levels	5.40%	5.13%	6.25%	4.43%	4.27%	6.25%
Expected long-term rate of return on assets	10.00%	10.00%	10.00%	8.40%	9.15%	9.49%

Stock plans

A summary of the changes in shares under option for all plans follows:

Year ended December 31,	1994		1993	
(Shares in thousands)	Shares	Price Range	Shares	Price Range
Outstanding at beginning of year	15,402.2	$3 3/4-44 1/2	14,048.3	$ 3 3/4-44 1/2
Granted	4,499.2	$8 5/8-14 3/8	3,501.2	$10 1/8-13 5/8
Exercised	(654.0)	$3 3/4-14 7/8	(1,566.6)	$ 3 3/4- 9 7/8
Canceled	(1,773.9)		(580.7)	
Outstanding at end of year	17,473.5	$3 3/4-44 1/2	15,402.2	$ 3 3/4-44 1/2
Exercisable at end of year	9,619.9		8,987.2	
Shares available for granting options at end of year	2,104.5		2,157.7	

13 Stockholders' equity

The Company has 360,000,000 authorized shares of common stock, par value $.01 per share. The Company has 40,000,000 shares of authorized preferred stock, par value $1 per share, issuable in series.

In 1993, the Company contributed seven million shares of its common stock, valued at $89.2 million, to its U.S. pension plan.

The Company has authorization to issue up to 30,000,000 shares of Series A Cumulative Convertible Preferred Stock ("Series A Preferred Stock"), 10 shares of Series B Cumulative Convertible Preferred Stock ("Series B Preferred Stock") and 20 shares of Series C Cumulative Convertible Preferred Stock ("Series C Preferred Stock").

In 1992, the Company resumed the payment of dividends on preferred stock, which had been suspended in February 1991. During 1994, all cumulative preferred dividend arrearages were paid.

Each share of Series A Preferred Stock (i) accrues quarterly cumulative dividends of $3.75 per share per annum, (ii) has a liquidation preference of $50.00 plus accrued and unpaid dividends, (iii) is convertible into 1.67 shares of the Company's common stock, subject to customary anti-dilution adjustments, and (iv) is redeemable at the option of the Company under certain circumstances and at varying prices. If, on the date used to determine stockholders of record for a meeting of stockholders at which directors are to be elected, preferred stock dividends are in arrears in an amount equal to at least six quarterly dividends, the number of members of the Board of Directors will be increased by two as of the date of such stockholders' meeting and the holders of shares of Series A Preferred Stock will be entitled to vote for and elect such two additional directors.

Mitsui & Co., Ltd. ("Mitsui") owns $150 million of convertible preferred stock, which includes 10 shares of Series B Preferred Stock and 20 shares of Series C Preferred Stock. The Series B Preferred Stock and the Series C Preferred Stock are convertible at the option of the holder into the Company's common stock at conversion prices of $20.00 and $21.00 per share, respectively, subject to customary anti-dilution adjustments. Both Series B Preferred Stock and Series C Preferred Stock (i) have a stated value of $5 million per share, (ii) accrue quarterly cumulative dividends based on such stated value at 8 7/8% per annum until June 28, 1995 and 9 1/2% per annum from June 28, 1995 to June 28, 1997, (iii) accrue dividends on the amount of any unpaid dividends, (iv) are redeemable at the option of the Company at a premium which is determined by reference to interest rates then in effect and the amount of time then remaining to June 28, 1997, and (v) are entitled to receive upon liquidation the stated value plus accrued and unpaid dividends. In the event that the Series B Preferred Stock and Series C Preferred Stock have not been previously redeemed by the Company or converted by the holder, the Company will be required to convert both series into the Company's common stock based on the then-current market price after June 28, 1996 (or after June 28, 1995 if so requested by Mitsui, the original holder of the Series B Preferred Stock and Series C Preferred Stock), or earlier under certain extraordinary circumstances, and conduct a managed sale program of the common stock. Such conversions and sales must, in general, be completed by June 28, 1997. To the extent that the proceeds received by Mitsui from such managed sale program are less than the stated value of the shares so converted, plus accrued and unpaid dividends and a present valued premium amount if such conversion takes place before June 28, 1997, the Company has agreed to issue additional shares of capital stock to Mitsui which will be sold in a manner approved by the Company until Mitsui receives proceeds equal to the sum of such amounts. Shares of Series B Preferred Stock and Series C Preferred Stock rank pari passu with each other and with Series A Preferred Stock, and the holders of Series A, B and C Preferred Stock have priority as to dividends over holders of the Company's common stock and other series or classes of the Company's stock which rank junior with regard to dividends. Each series of Cumulative Convertible Preferred Stock is non-voting except with respect to certain matters relating to the rights and preferences of such series. With respect to such matters, each of the Series B Preferred Stock and Series C Preferred Stock votes separately as a class. The Series A Preferred Stock also votes as a class on these matters, but its class includes the Series B Preferred Stock and Series C Preferred Stock, as well as any other series of preferred stock having equal rank as to dividends and liquidation rights.

Each outstanding share of common stock has attached to it one preferred share purchase right (a "Right"). Each Right entitles the registered holder to purchase for $75, under certain circumstances, one three-hundredth of a share of Junior Participating Preferred Stock, par value $1 per share. The Rights become exercisable only if a person or group acquires 20% or more of the Company's common stock, or announces a tender or exchange offer for 30% or more of the common stock. If the Company is acquired (or survives in a reverse merger transaction) or 50% or more of its consolidated assets or earning power are sold, each Right will entitle its holder to purchase a number of the acquiring company's common shares (or the Company's common shares) having a market value of $150. The Company will be entitled to redeem the Rights at one and two-thirds cents per Right prior to the earlier of the expiration of the Rights at March 17, 1996, or the time that a 20% position has been acquired. Until the Rights become exercisable, they have no dilutive effect on net income per common share.

At December 31, 1994, 111.2 million shares of unissued common stock of the Company were reserved for the following: 57.2 million for convertible preferred stock, 33.7 million for the 8 1/4% convertible subordinated debentures and 20.3 million for stock options, stock purchase and savings plans.

Changes in stockholders' equity during the three years ended December 31, 1994 were as follows:

(Millions)	Preferred Stock Series A	Preferred Stock Series B	Preferred Stock Series C	Common Stock	Retained Earnings (Accumulated Deficit)	Other Capital Treasury Stock	Other Capital Translation Adjustments	Other Capital Paid-in Capital
Balance at December 31, 1991	$1,428.0	$50.0	$100.0	$1.6	$(497.0)	$ (9.3)	$(295.8)	$1,236.9
Issuance of stock under stock purchase, option and other plans						(.2)		1.7
Restricted stock						(5.6)		5.6
Issuance of stock under license agreement						1.5		(.7)
Net income					361.2			
Dividends					(92.2)			
Translation adjustments							(41.7)	
Other								.1
Balance at December 31, 1992	1,428.0	50.0	100.0	1.6	(228.0)	(13.6)	(337.5)	1,243.6
Issuance of stock under stock purchase, option and other plans						(1.7)		7.1
Contribution to pension plan				.1				89.2
Net income					565.4			
Dividends					(177.6)			
Translation adjustments							(23.3)	
Other	(7.8)							
Balance at December 31, 1993	1,420.2	50.0	100.0	1.7	159.8	(15.3)	(360.8)	1,339.9
Issuance of stock under stock purchase, option and other plans						(.7)		3.6
Net income					100.5			
Dividends					(214.6)			
Translation adjustments							20.0	
Other	.1							.1
Balance at December 31, 1994	$1,420.3	$50.0	$100.0	$1.7	$ 45.7	$(16.0)	$(340.8)	$1,343.6

Changes in issued shares during the three years ended December 31, 1994 were as follows:

	Preferred Stock Series A	Preferred Stock Series B	Preferred Stock Series C	Common Stock	Treasury Stock
Balance at December 31, 1991	28,560,889	10	20	162,196,687	(505,671)
Issuance of stock under stock purchase, option and other plans				405,115	(26,249)
Restricted stock					(216,522)
Issuance of stock under license agreement					75,887
Other	(1,291)			2,234	
Balance at December 31, 1992	28,559,598	10	20	162,604,036	(672,555)
Issuance of stock under stock purchase, option and other plans				1,566,568	(133,628)
Contribution to pension plan				7,000,000	
Other	(155,159)			423	
Balance at December 31, 1993	28,404,439	10	20	171,171,027	(806,183)
Issuance of stock under stock purchase, option or other plans				654,024	(58,861)
Other	747			2,298	
Balance at December 31, 1994	28,405,186	10	20	171,827,349	(865,044)

14 Financial instruments

The Company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or issue financial instruments for speculative trading purposes. The derivative instruments used are foreign exchange forward contracts and options, and interest rate and foreign currency swap agreements. These derivatives, which are over-the-counter instruments, are non-leveraged and involve little complexity.

The Company monitors and controls its risks in the derivative transactions referred to above by periodically assessing the cost of replacing, at market rates, those contracts in the event of default by the counterparty. The Company believes such risk to be remote. In addition, before entering into derivative contracts, and periodically during the life of the contract, the Company reviews the counterparty's financial condition.

Due to its foreign operations, the Company is exposed to the effects of foreign exchange rate fluctuations on the U.S. dollar. Foreign exchange forward contracts and options generally having maturities of less than nine months are entered into for the sole purpose of hedging long-term investments in foreign subsidiaries and certain transactional exposures.

The cost of foreign currency options is recorded in prepaid expenses in the consolidated balance sheet. At December 31, 1994, such prepaid expense was $5.1 million. When the U.S. dollar strengthens against foreign currencies, the decline in value of the underlying exposures is partially offset by gains in the value of purchased currency options designated as hedges. When the U.S. dollar weakens, the increase in the value of the underlying exposures is reduced only by the premium paid to purchase the options. The cost of options and any gains thereon are reported in income when the related transactions being hedged (generally within twelve months) are recognized.

The Company also enters into foreign exchange forward contracts. Gains and losses on such contracts hedging transactional exposures are deferred and included in other liabilities until the corresponding transaction is recognized. At December 31, 1994, the Company had a total of $1,483.7 million (of notional value) of foreign exchange forward contracts, $811.2 million to sell foreign currencies and $672.5 million to buy foreign currencies. At December 31, 1993, the Company had a total of $511.5 million of such contracts, $330.2 million to sell foreign currencies and $181.3 million to buy foreign currencies. At December 31, 1994, a realized net gain of approximately $12.9 million was deferred and included in other liabilities on such contracts. Gains or losses on foreign exchange forward contracts which hedge foreign currency transactions are reported in income when the related transactions being hedged (generally within twelve months) are recognized. Gains or losses on those contracts which hedge long-term investments in foreign subsidiaries are reported in a separate component of stockholders' equity for translation adjustments.

The Company uses interest rate swap agreements to effectively convert variable rate obligations to a fixed rate basis, and uses foreign currency swaps to effectively convert foreign currency denominated debt to U.S. dollar denominated debt in order to reduce the impact of interest rate and foreign currency rate changes on future income. The differential to be paid or received under these agreements is recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counterparties is included in other liabilities or current receivables. At December 31, 1994, the weighted average fixed rate paid by the Company was

9.1%. The fair values of the swap agreements are not recognized in the financial statements. At December 31, 1994, the Company had three interest rate swap contracts with a total notional value of $63.8 million, of which $13.6 million expires in 1995 and $50.2 million expires in 1996, and one foreign currency swap for $50.1 million expiring in 1996. During the three years ended December 31, 1994, there were no terminations of swap contracts. Accordingly, there were no deferred gains or losses related to such swaps as of December 31, 1994.

Financial instruments comprise the following:

December 31 (millions)	1994	1993
Outstanding:		
Long-term debt	$1,935.3	$2,050.0
Foreign exchange forward contracts*	1,483.7	511.5
Foreign exchange options*	373.9	392.3
Interest rate swaps*	63.8	296.3
Foreign currency swaps*	50.1	50.1
Estimated fair value:		
Long-term debt	1,935.6	2,273.2
Foreign exchange forward contracts	1,484.1	505.1
Foreign exchange options	4.8	11.5
Interest rate swaps	(.9)	(13.9)
Foreign currency swaps	22.1	12.3

*notional value

Financial instruments also include temporary cash investments and customer accounts receivable. Temporary investments are placed with creditworthy financial institutions, primarily in over-securitized treasury repurchase agreements, Euro-time deposits or commercial paper of major corporations. The Company's cash equivalents and marketable securities are classified as available-for-sale and at December 31, 1994 principally have maturities of less than one month. Due to the short maturities of these instruments, they are carried in the balance sheet at cost plus accrued interest, which approximates market value. Realized gains or losses during 1994, as well as unrealized gains or losses at December 31, 1994, were immaterial. Receivables are due from a large number of customers which are dispersed worldwide across many industries. At December 31, 1994 and 1993, the Company had no significant concentrations of credit risk.

For foreign currency contracts and options, no impact on financial position or results of operations would result from a change in the level of the underlying rate, price or index. All of the Company's foreign currency contracts and options are hedges against specific exposures and have been accounted for as such. Therefore, a change in the derivative's value would be offset with an equal but opposite change in the hedged item.

The carrying amount of cash, cash equivalents, and marketable securities approximates fair value because of the short maturity of these instruments. The fair value of the Company's long-term debt was based on the quoted market prices for publicly traded issues. For debt which is not publicly traded, the fair value was estimated based on current yields to maturity for the Company's publicly traded debt with similar maturities. In estimating the fair value of its derivative positions, the Company utilizes quoted market prices, if available, or quotes obtained from outside sources.

15 Litigation

The "Ill Wind" global settlement agreement between the Company and the U.S. Government requires, among other things, that the Company make contingency payments, through 1997, not to exceed a total of $90 million, subject to annual caps, based upon the amount of asset sales and net income reported by the Company during such period. Through December 31, 1994, the Company has expensed $24.5 million of such contingency payments.

There are various lawsuits, claims, and proceedings that have been brought or asserted against the Company. Although the ultimate results of these lawsuits, claims, and proceedings are not presently determinable, management does not expect that these matters will have a material adverse effect on the Company's consolidated financial position, consolidated statement of income, or liquidity.

Report of Independent Auditors

To the Board of Directors of Unisys Corporation

We have audited the accompanying consolidated balance sheets of Unisys Corporation at December 31, 1994 and 1993 and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of Unisys Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unisys Corporation at December 31, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, in 1993 the Company changed its method of accounting for postretirement benefits other than pensions and income taxes.

Ernst & Young LLP

Philadelphia, Pennsylvania
January 25, 1995

Supplemental Financial Data (Unaudited)
Unisys Corporation

Quarterly financial information

(Millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1994					
Revenue	$1,688.9	$1,799.2	$1,788.1	$2,123.5	$7,399.7
Gross profit	597.6	628.0	610.2	622.9	2,458.7
Income (loss) before income taxes	95.3	70.2	60.5	(72.8)	153.2
Income (loss) before extraordinary item	67.7	49.9	42.9	(52.3)	108.2
Net income (loss)	60.0	49.9	42.9	(52.3)	100.5
Dividends on preferred shares	30.1	30.0	30.0	30.0	120.1
Earnings (loss) on common shares	29.9	19.9	12.9	(82.3)	(19.6)
Earnings (loss) per common share - primary and fully diluted					
Before extraordinary item	.21	.12	.08	(.48)	(.07)
Extraordinary item	(.04)				(.04)
Total	.17	.12	.08	(.48)	(.11)
Market price per common share - high	16 1/2	15 1/4	11 1/4	12 1/8	16 1/2
- low	12 1/2	8 5/8	8 5/8	8 1/4	8 1/4
1993					
Revenue	$1,907.5	$1,927.2	$1,806.7	$2,101.1	$7,742.5
Gross profit	689.1	752.1	662.9	794.1	2,898.2
Income before income taxes	83.5	151.5	95.4	173.0	503.4
Income before extraordinary item and changes in accounting principles	56.8	103.0	84.1	117.7	361.6
Net income	260.6	103.0	84.1	117.7	565.4
Dividends on preferred shares	30.4	30.6	30.3	30.3	121.6
Earnings on common shares	230.2	72.4	53.8	87.4	443.8
Earnings per common share - primary					
Before extraordinary item and changes in accounting principles	.16	.44	.33	.53	1.46
Extraordinary item	(.16)				(.16)
Effect of changes in accounting principles	1.39				1.39
Total	1.39	.44	.33	.53	2.69
Earnings per common share - fully diluted					
Before extraordinary item and changes in accounting principles	.23	.39	.29	.46	1.48
Extraordinary item	(.11)				(.11)
Effect of changes in accounting principles	.94				.94
Total	1.06	.39	.29	.46	2.31
Market price per common share - high	13 7/8	13 3/4	12 1/4	13 1/8	13 7/8
- low	9 7/8	10 3/4	9 7/8	10 3/4	9 7/8

In the fourth quarter of 1994, the Company recorded a special charge of $186.2 million, or $.78 per fully diluted common share. See Note 2 to the Notes to Consolidated Financial Statements.

In the first quarter of 1993, the Company adopted SFAS 106 and 109. See Note 3 to the Notes to Consolidated Financial Statements.

The individual quarterly per common share amounts may not total to the per common share amount for the full year because of accounting rules governing the computation of earnings per common share.

Market prices per common share are as quoted on the New York Stock Exchange composite listing.

Eight-year summary of selected financial data

(Millions, except per share data)	1994	1993	1992	1991	1990	1989	1988	1987##
Results of operations								
Revenue	$7,399.7	$7,742.5	$8,421.9	$ 8,696.1	$10,111.3	$10,096.9	$ 9,935.2	$ 9,732.0
Operating income (loss)	306.0	734.1	720.7	(578.9)	44.0	(210.2)	1,106.1	1,117.7
Income (loss) before income taxes	153.2	503.4	435.6	(1,288.3)	(337.3)	(554.3)	958.6	951.3
Income (loss) before extraordinary items and changes in accounting principles	108.2	361.6	296.2	(1,393.3)	(436.7)	(639.3)	680.6	578.0
Net income (loss)	100.5	565.4	361.2	(1,393.3)	(436.7)	(639.3)	680.6	578.0
Dividends on preferred shares	120.1	121.6	122.1	121.2	114.3	107.2	107.1	106.9
Earnings (loss) on common shares	(19.6)	443.8	239.1	(1,514.5)	(551.0)	(746.5)	573.5	471.1
Earnings (loss) per common share*								
Primary	(.11)	2.69	1.46	(9.37)	(3.45)	(4.71)	3.58	3.15
Fully diluted	(.11)	2.31	1.40	(9.37)	(3.45)	(4.71)	3.27	2.93
Dividends declared per common share					.50	1.00	.98	90 2/3
Financial position								
Working capital	$ 632.1	$ 834.2	$ 646.3	$ 557.7	$ 597.5	$ 1,540.0	$ 2,438.6	$ 1,752.6
Total assets	7,323.9	7,519.2	7,548.7	8,473.0	10,319.8	10,779.6	11,561.0	10,601.8
Long-term debt	1,864.1	2,025.0	2,172.8	2,694.6	2,494.6	3,247.8	3,078.1	2,377.1
Common stockholders' equity#	1,034.2	1,057.3	541.8	342.1	1,907.0	2,452.9	3,526.1	3,118.3
Common stockholders' equity per share	6.05	6.21	3.35	2.12	11.79	15.49	22.24	20.90
Other data								
Engineering, research and development**	$ 870.9	$ 934.7	$ 980.7	$ 1,147.4	$ 1,274.8	$ 1,445.2	$ 1,419.5	$ 1,318.5
Capital additions of properties and rental equipment	225.7	196.8	251.7	248.3	460.1	615.4	669.9	720.9
Investment in marketable software	121.3	118.7	110.2	167.7	210.5	195.0	183.6	114.7
Depreciation	258.3	290.8	357.0	459.4	528.9	533.5	593.2	590.8
Amortization								
Marketable software	150.5	144.6	131.8	241.0	161.6	111.5	64.2	30.7
Cost in excess of net assets acquired	41.4	41.3	41.4	251.2	61.7	59.2	35.0	26.9
Common shares outstanding (millions)	171.0	170.4	161.9	161.7	161.8	158.4	158.6	149.2
Stockholders of record (thousands)	45.3	47.8	51.7	54.6	52.3	45.6	42.4	38.6
Employees (thousands)	46.3	49.0	54.3	60.3	75.3	82.3	93.0	92.5

*Includes in 1994 an extraordinary item of $(.04) primary and fully diluted; in 1993, the effect of changes in accounting principles and extraordinary item of $1.23 primary and $.83 fully diluted; and in 1992, an extraordinary item of $.40 primary and $.36 fully diluted.

After deduction of cumulative preferred dividends in arrears.

** Includes company and customer-funded research and development.

Years prior to 1987 are not comparable with those presented here due to the merger of Sperry Corporation and Burroughs Corporation in 1986.

Revenue by similar classes of products and services

Year ended December 31 (Millions)	1994		1993		1992	
Enterprise systems and servers	$1,415.3	19%	$1,648.4	21%	$1,966.1	23%
Departmental servers and desktop systems	749.6	10	750.3	10	1,083.6	13
Software	712.2	10	779.9	10	712.2	8
Custom defense systems	1,200.7	16	1,526.8	20	1,637.6	20
Total sales	4,077.8	55	4,705.4	61	5,399.5	64
Information services and systems integration	1,980.2	27	1,593.1	21	1,336.4	16
Equipment maintenance	1,341.7	18	1,444.0	18	1,686.0	20
Total	$7,399.7	100%	$7,742.5	100%	$8,421.9	100%

Enterprise systems and servers comprise a complete line of small to large processors and related communications and peripheral products, such as printers, storage devices, and document handling processors and equipment. Departmental servers and desktop systems include UNIX servers, workstations, personal computers, and terminals. Software consists of application and systems software. Custom defense systems include specialized information processing systems, software, and services marketed primarily to government defense agencies. Information services and systems integration includes systems integration, outsourcing services, application development, information planning, and education. Equipment maintenance results from charges for preventive maintenance, spare parts, and other repair activities.

Individual products have been assigned to a specific class based on a variety of factors. Over time, reclassification of products may be necessary because of changing technology, Company strategy, and market conditions. Such evolution from year to year must be kept in mind when using this table for trend analysis.

Common Stock Information

- --

Unisys common stock (trading symbol "UIS") is listed for trading on the New York Stock Exchange and on exchanges in Amsterdam, Antwerp, Basel, Brussels, Geneva, Lausanne, London, and Zurich.

At December 31, 1994, there were 171 million shares outstanding and about 45,000 stockholders of record.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Unisys Corporation, the registrant, a Delaware company, has no parent.

The registrant owns directly or indirectly all the voting securities of the following subsidiaries:

Name of Company	State or Other Jurisdiction Under the Laws of Which Organized
Unisys Canada Inc.	Canada
Unisys GSG Canada, Inc.	Canada
Convergent Technologies, Inc.	California
Unisys Finance Corporation	Michigan
Unisys Australia Limited	Michigan
Unisys Espana S.A.	Spain
Unisys (Schweiz) A.G.	Switzerland
Unisys Belgium	Belgium
Unisys Deutschland G.m.b.H.	Germany
Unisys Eletronica Ltda.	Brazil
Unisys France	France
Unisys Italia S.p.A.	Italy
Unisys Limited	England
Unisys Nederland N.V.	Netherlands
Unisys de Mexico, S.A. de C.V.	Mexico
Unisys Korea Limited	Korea

The names of certain subsidiaries are omitted from the above list; such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Unisys Corporation of our report dated January 25, 1995, included in the 1994 Annual Report to Stockholders of Unisys Corporation.

Our audits also included the financial statement schedule of Unisys Corporation listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in the following Registration Statements: (1) Registration Statement (Form S-8 No. 33-20588) pertaining to the Unisys Savings Plan, (2) Registration Statement (Form S-8 No. 33-7893) pertaining to the Burroughs LTIP, (3) Registration Statement (Form S-8 No.2-76948) pertaining to Burroughs Employees 1972 Payroll Deduction Stock Purchase Plans (4) Registration Statement (Form S-8 No. 33-4317) pertaining to the Burroughs 1985 Payroll Deduction Stock Purchase Plans, (5) Registration Statement (Form S-8 No. 33-20204) pertaining to the Unisys Retirement Investment Plan, (6) Registration Statement (Form S-8 No. 33-20205) pertaining to the Unisys Retirement Investment Plan II, (7) Registration Statement (Form S-3 No. 33-25715) of Unisys Corporation, (8) Registration Statement (Form S-8 No. 33-3937) pertaining to the Burroughs LTIP, (9) Registration Statement (Form S-8 No. 2-63842) pertaining to the Burroughs LTIP, (10) Registration Statement (Form S-8 No. 33-34771) pertaining to the Unisys Retirement Investment Plan, (11) Registration Statement (Form S-8 No. 33-38711) pertaining to the Unisys Savings Plan, (12) Registration Statement (Form S-8 No. 33-38712) pertaining to the Unisys Retirement Investment Plan II, (13) Registration Statement (Form S-8 No. 33-38713) pertaining to the Unisys Retirement Investment Plan, (14) Registration Statement (Form S-8 No. 33-40259) pertaining to the Unisys LTIP, (15) Registration Statement (Form S-3 No. 33-35437) of Unisys Corporation, (16) Registration Statement (Form S-3 No. 33-64396) of Unisys Corporation, and (17) Registration Statement (Form S-3 No. 33-51747) of Unisys Corporation; of our report dated January 25, 1995, with respect to the financial statements incorporated herein by reference and our report included in the preceding paragraph with respect to the financial statement schedule included in the 1994 Annual Report (Form 10-K) of Unisys Corporation for the year ended December 31, 1994.

ERNST & YOUNG LLP

Philadelphia, Pennsylvania
March 13, 1995

EXHIBIT 24

POWER OF ATTORNEY
Unisys Corporation
Annual Report on Form 10-K
for the year ended December 31, 1994

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below does hereby make, constitute and appoint JAMES A. UNRUH, HAROLD S. BARRON AND GEORGE T. ROBSON, and each one of them severally, his true and lawful attorneys-in-fact and agents, for such persons and in such person's name, place and stead, to sign the Unisys Corporation Annual Report on Form 10-K for the year ended December 31, 1994, and any and all amendments thereto and to file such Annual Report on Form 10-K and any and all amendments thereto with the Securities and Exchange Commission, and does hereby grant unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as said person might or could do in person, hereby ratifying and confirming all that such attorney-in-fact and agents and each of them may lawfully do or cause to be done by virtue hereof.

Dated: February 23, 1995

/s/ J.P. Bolduc J.P. Bolduc Director	/s/ Kenneth A. Macke Kenneth A. Macke Director
/s/ James J. Duderstadt James J. Duderstadt Director	/s/ Robert McClements, Jr. Robert McClements, Jr. Director
/s/ Gail D. Fosler Gail D. Fosler Director	/s/ Alan E. Schwartz Alan E. Schwartz Director
/s/ Melvin R. Goodes Melvin R. Goodes Director	/s/ Donald V. Seibert Donald V. Seibert Director
/s/ Edwin A. Huston Edwin A. Huston Director	/s/ James A. Unruh James A. Unruh Chairman of the Board, Chief Executive Officer and Director

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FORM 10-K FOR THE ANNUAL PERIOD ENDED DECEMER 31, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO FORM 10-K.

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YEAR
DEC-31-1994
DEC-31-1994
868
16
1,167
(87)
773
3,141
2,714
(1,781)
7,324
2,509
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7,400
2,507
4,941
0
10
203
153
45
108
0
(8)
0
100
(0.11)
(0.11)