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UNISYS CORP
Form 11-K
June 29, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K
ANNUAL REPORT
Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 1-8729

A. Full title of the plan and the address of the plan, if different from
that of the issuer named below:

UNISYS SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

UNISYS CORPORATION
Unisys Way
Blue Bell, Pennsylvania 19424

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REQUIRED INFORMATION

Unisys Savings Plan

Financial Statements and Supplemental Schedule

Years ended December 31, 2005 and 2004
with Report of Independent Registered Public Accounting Firm

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Unisys Savings Plan

We have audited the accompanying statements of assets available for benefits of the Unisys Savings Plan as of December 31, 2005 and 2004, and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the 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 assets available for benefits of the Plan at December 31, 2005 and 2004, and the changes in its assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2005 is presented for purposes of additional analysis, and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
June 27, 2006

Unisys Savings Plan
Statements of Assets Available for Benefits

December 31

2005

2004

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(In Thousands)

Investments at fair value:

Fidelity Funds	\$ 1,880,392	\$ 1,833,287
Unisys Common Stock Funds	98,890	168,130
Unisys Interest Income Fund	388,909	405,045
Participants' Loans	14,518	14,737
Frozen Investment Contracts	3	5
	-----	-----
	2,382,712	2,421,204
Employer contributions receivable	2,191	1,381
	-----	-----
Assets available for benefits	\$ 2,384,903	\$ 2,422,585
	=====	=====

See accompanying notes.

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Unisys Savings Plan
Statements of Changes in Assets Available for Benefits

Year ended December 31

2005 2004

(In Thousands)

Additions:

Interest and dividend income	\$ 90,817	\$ 59,552
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Contributions:		
Employer	18,847	19,998
Employee	95,108	97,019
	-----	-----
	113,955	117,017
Transfer in	0	4,820
	-----	-----
Total additions	204,772	181,389
Deductions:		
Benefit payments	239,078	194,775
Administrative and other expenses	91	104
	-----	-----
Total deductions	239,169	194,879
Net (depreciation)/appreciation in fair value of investments	(3,285)	35,108
Net (decrease)/increase	(37,682)	21,618
Assets available for benefits:		
Beginning of year	2,422,585	2,400,967
	-----	-----
End of year	\$ 2,384,903	\$ 2,422,585
	=====	=====

See accompanying notes.

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Unisys Savings Plan
Notes to Financial Statements
December 31, 2005

1. PLAN DESCRIPTION

The Unisys Savings Plan (the Plan) is a defined contribution plan that covers non-bargaining employees paid from a United States payroll of Unisys Corporation (the Company) and bargaining unit employees whose collective bargaining agreement provides for participation in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Participants should refer to the Plan document, summary plan description and their respective bargaining unit agreement, if applicable, for complete information.

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CONTRIBUTIONS

Each plan year, participants may contribute up to 30% or 18% of their pretax compensation up to the prescribed Internal Revenue Code limit, depending on their classification as a non-highly compensated or highly compensated employee, respectively. Participants who are age fifty or older may make catch-up contributions to the Plan. Participants may also make after-tax contributions up to 6% of their eligible compensation. The Company makes a nondiscretionary matching contribution in Company Common Stock equal to 50% of the first 4% of eligible compensation deferred by the participant during 2005 and 2004. The Plan also allows for rollover contributions from other qualified defined contribution plans.

In 2004, the Company acquired Baesch Computer Consulting (BCC). On September 15, 2004, the BCC Retirement Plan was merged into the Plan. Transfers in to the Plan include approximately \$2.8 million from the BCC merger.

INVESTMENT OPTIONS

Participants may elect to have their current contributions and existing account balances invested in any one or more of the investment options offered and managed by Fidelity Management & Research Company and Fidelity Management Trust Company (Fidelity). Information regarding the investment options is provided to each participant through electronic media and prepared materials provided by the Company and in each investment fund's prospectus made available by Fidelity.

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1. PLAN DESCRIPTION (continued)

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions, matching contributions from the Company and allocations of Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined in the Plan document. The benefit to which a participant is entitled is equal to the vested portion of his or her account.

VESTING AND FORFEITURES

Plan participants who were actively employed on January 1, 2000 or later are immediately vested in their account balances at all times. Before January 1, 2000, participants were fully vested after five years of service, as defined in the Plan document.

PARTICIPANT LOANS

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Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years, or up to fifteen years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a fixed rate of interest that is commercially reasonable, as determined by the Administrative Committee. A participant may not have more than one loan outstanding. Principal and interest is paid ratably through payroll deductions.

PAYMENT OF BENEFITS

On termination of service, a participant may receive a lump-sum amount equal to the balance of his or her account or elect to rollover his or her balance into another qualified plan. Upon death, disability or retirement, a participant may elect to receive payments in the form of an annuity or annual installments payable to the participant or his or her estate over a period no greater than the joint life expectancy of the participant and his or her beneficiary. Plan participants also may receive in-service withdrawals in certain circumstances as defined in the Plan.

PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its matching contributions and/or to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants remain 100% vested in their accounts.

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2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

Except for the Unisys Interest Income Fund, the Plan's investments are stated at fair value, which equals the quoted market price on the last business day of the Plan year. Shares of registered investment companies are valued at quoted market prices, which represent net asset values of shares held by the Plan at year-end. The fair value of the participation units owned in the commingled pool fund are based on quoted redemption values on the last business day of the Plan year. Shares of Unisys common stock are valued at the closing market price on the last day of the Plan year. Participant loans are valued at their outstanding balances, which approximate fair value.

The Unisys Interest Income Fund includes investments in guaranteed investment contracts issued principally by insurance companies and financial institutions and are valued at contract value as estimated by the issuer. Contract value represents contributions and reinvested income, less any withdrawals plus accrued interest, because these investments have fully benefit-responsive

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features. All participant-initiated transactions with the fund are permitted at contract value with no conditions, limits or restrictions. However, withdrawals influenced by Company-initiated events, such as in connection with the sale of a business, may result in a distribution at other than contract value. No reserves have been provided or are considered necessary against contract values for credit risk of contract issuers or otherwise. The contract value of these investment contracts approximates their fair value. Crediting interest rates as of December 31, 2005 and 2004 ranged from 4.10% to 4.61% and from 1.90% to 4.80%, respectively. Interest rates are set at the time the contract is negotiated and, depending on the terms of the contract, are fixed through the maturity date or are re-set quarterly, semiannually or annually. The average yield on the contracts was 4.60% and 4.89% for 2005 and 2004, respectively.

Investments in Frozen Investment Contracts represent the cash balance from payments made to the Plan from the Conservation Estate of the Executive Life Insurance Company (ELIC) and from state guaranty associations in settlement of claims made by the Plan as a result of the insolvency of ELIC. The remaining cash balance at December 31, 2005 represents amounts that will be allocated to Plan participants or applied to pay administrative expenses of the Plan.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENT VALUATION AND INCOME RECOGNITION (continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date.

3. INVESTMENTS

The Plan's investments at December 31, 2005 and 2004 were held in trusts with Fidelity Management Trust Company and Wachovia Bank N.A., each of which was established for the investment of the Plan's assets.

During 2005 and 2004, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as follows (in thousands):

	2005	2004
Registered Investment Companies	\$ 66,057	\$ 109,713
Unisys Common Stock Funds	(70,606)	(77,366)
Commingled Pool Fund	1,264	2,761
	-----	-----
	\$ (3,285)	\$ 35,108
	=====	=====

Investments that represent 5% or more of fair value of the Plan's assets are as follows (in thousands):

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	2005	2004

*Unisys Stock Fund	\$ ***	\$ 158,897
Unisys Interest Income Fund	388,909	405,045
Fidelity Magellan Fund	231,906	258,737
Fidelity Asset Manager Fund	180,866	197,375
Fidelity Asset Manager Growth Fund	181,694	199,545
Fidelity Retirement Money Market Portfolio Fund	***	123,480
Fidelity Contra Fund	128,402	**

* Predominantly non-participant-directed

** Fund was not 5% or more of fair market value of plan assets in prior year.

*** Fund is not 5% or more of fair market value of plan assets in current year.

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3. INVESTMENTS (continued)

Employer matching contributions to the Plan are invested in the Unisys Stock Fund. Participants who have reached age fifty are eligible to diversify their investment in the Unisys Stock Fund to other funds available within the Plan. The assets and significant components of the changes in assets relating to the predominantly non-participant-directed investments are as follows (in thousands):

	December 31	
	2005	2004

Investments, at fair value:		
Unisys Stock Fund	\$ 94,032	\$ 158,897
Unisys Common Stock Fund	4,857	9,202
Interest-Bearing Cash	-	31
Frozen Investment Contracts	3	5

Total	\$ 98,892	\$ 168,135
	=====	

	Year ended December 31	
	2005	2004

Changes in assets:		
Interest and dividends	\$ 39	\$ 81
Net depreciation in fair value of investments	(70,550)	(77,353)
Contributions	17,987	24,098
Benefit payments	(7,528)	(12,589)
Administrative and other expenses	(11)	(14)
Net transfers	(9,180)	(34,845)

Total	\$ (69,243)	\$ (100,622)
	=====	

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At December 31, 2005, the Plan held 830,144 and 15,950,068 shares of Unisys Common Stock in the Unisys Common Stock Fund and Unisys Stock Fund, respectively. At December 31, 2004, the Plan held 906,928 and 15,601,865 shares of Unisys Common Stock in the Unisys Common Stock Fund and Unisys Stock Fund, respectively.

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4. TAX STATUS OF THE PLAN

The Plan has received a determination letter from the Internal Revenue Service dated September 25, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trusts are exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification, and the plan sponsor will take the necessary steps to maintain the tax status of the Plan.

5. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of assets available for benefits.

6. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of registered investment companies managed by Fidelity Management Trust Company, the Trustee. The Plan also holds shares of common stock of the Company. These transactions qualify as party-in-interest transactions and are exempt from the prohibited transaction rules.

7. SUBSEQUENT EVENT

On March 17, 2006, the Company adopted changes to the Plan whereby, effective January 1, 2007, the Company will increase its matching contribution to 100% of the first 6% of eligible pay contributed by participants, an increase from the current matching contribution of 50% of the first 4% of eligible pay contributed by participants.

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Supplemental Schedule
 Unisys Savings Plan
 EIN: 38-0387840 Plan: 004

Schedule H, Line 4i-
 Schedule of Assets (Held at End of Year)

December 31, 2005

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost**
<hr/>		
*Fidelity Funds:		
Fidelity Fund	Registered Investment Company	
Puritan Fund	Registered Investment Company	
Trend Fund	Registered Investment Company	
Ginnie Mae Portfolio Fund	Registered Investment Company	
Magellan Fund	Registered Investment Company	
Contra Fund	Registered Investment Company	
Equity Income Fund	Registered Investment Company	
Growth Company Fund	Registered Investment Company	
Growth & Income Portfolio Fund	Registered Investment Company	
Capital & Income Portfolio Fund	Registered Investment Company	
Value Fund	Registered Investment Company	
Mortgage Securities Portfolio Fund	Registered Investment Company	
Government Securities Fund	Registered Investment Company	
Independence Fund	Registered Investment Company	
Over-The-Counter Portfolio Fund	Registered Investment Company	
Overseas Fund	Registered Investment Company	
Europe Fund	Registered Investment Company	
Pacific Fund	Registered Investment Company	
Real Estate Investment Portfolio Fund	Registered Investment Company	
Balanced Fund	Registered Investment Company	
International Growth & Income Fund	Registered Investment Company	
Capital Appreciation Fund	Registered Investment Company	
Conv. Securities Fund	Registered Investment Company	
Canada Fund	Registered Investment Company	
Utilities Fund	Registered Investment Company	
Blue Chip Fund	Registered Investment Company	
Asset Manager Fund	Registered Investment Company	
Disciplined Equity Fund	Registered Investment Company	
Low-Priced Fund	Registered Investment Company	
Worldwide Fund	Registered Investment Company	

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Equity Income II Fund	Registered Investment Company
Stock Selector Fund	Registered Investment Company
Asset Manager Growth Fund	Registered Investment Company
Emerging Markets Fund	Registered Investment Company
Aggressive Growth Fund	Registered Investment Company
Diversified International Fund	Registered Investment Company
Asset Manager Income Fund	Registered Investment Company
Diversified Growth Fund	Registered Investment Company
New Markets Income Fund	Registered Investment Company
Export & Multinational Fund	Registered Investment Company
Global Balanced Fund	Registered Investment Company
Aggressive International Fund	Registered Investment Company
Small Capital Stock Fund	Registered Investment Company
Mid-Capital Stock Fund	Registered Investment Company
Large-Capital Stock Fund	Registered Investment Company
Discovery	Registered Investment Company
Europe Capital Appreciation	
Stock Fund	Registered Investment Company
Asset Mgr Aggressive	Registered Investment Company
Latin America Fund	Registered Investment Company
Japan Fund	Registered Investment Company
Southeast Asia Fund	Registered Investment Company
Strategic Income	Registered Investment Company
Freedom Income Fund	Registered Investment Company
Freedom 2000 Fund	Registered Investment Company
Freedom 2010 Fund	Registered Investment Company
Freedom 2020 Fund	Registered Investment Company
Freedom 2030 Fund	Registered Investment Company
Spartan Total Market Index Fund	Registered Investment Company
Spartan Extended Market Index Fund	Registered Investment Company
Spartan International Market	
Index Fund	Registered Investment Company
Fifty Fund	Registered Investment Company
U.S. Bond Index Portfolio Fund	Registered Investment Company
Institutional Short-Intermed.	
Gov't. Portfolio	Registered Investment Company
Inflation Pro Bond	Registered Investment Company
FID Freedom 2040	Registered Investment Company
*Fidelity Institutional Funds	
Institutional Money Market Fund	Fidelity Institutional Fund
FMTC Short Duration Pool	Fidelity Institutional Fund
FMTC Broad Market Duration Pool	Fidelity Institutional Fund
FMTC Intermediate Duration Pool	Fidelity Institutional Fund
*Fidelity Money Market Funds:	
Retirement Money Market	
Portfolio Fund	Registered Investment Company
Retirement Gov't. Money Market	
Portfolio Fund	Registered Investment Company
*Fidelity U.S. Equity Index	
Commingled Pool Fund	Commingled Pool Fund
Total Fidelity Funds	

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*Unisys Common Stock Funds:		
Unisys Common Stock Fund	284,105 units of Common Stock Fund	\$ 7,856,339
Unisys Stock Fund	15,950,068 units of Common Stock Fund	204,352,909

Total Unisys Common Stock Funds		

*Unisys Interest Income Fund:		
Fidelity STIF	Cash Portfolio; 4.10%	
JP Morgan Chase Manhattan Bank	#430126; 4.54%; matures 9/12/06	
Monumental Life Insurance Company	#MDA00134TR; 4.53%	
Rabobank Nederland	#UNI-129901; 4.53%	
UBS AG Act	#3041; 4.53%	
Total Unisys Interest Income Fund		

*Participants' Loans	Interest rates from 4.25% to 10.50%	
Frozen Investment Contracts		2,681
Total		

* Party-In-Interest.
 ** Cost is not applicable for participant-directed investments.

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SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

UNISYS SAVINGS PLAN

UNISYS CORPORATION

Date: June 27, 2006

By: /s/ Joseph M. Munnelly

 Joseph M. Munnelly
 Vice President and
 Corporate Controller

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EXHIBIT INDEX

Exhibit Number	Description
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23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
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