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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2000

Commission File Number 001-00395

NCR CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	31-0387920
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1700 South Patterson Blvd.
Dayton, Ohio 45479
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (937) 445-5000

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
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Number of shares of common stock, $0.01 par value per share, outstanding as of October 31, 2000 was 96,430,673.

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Part I. Financial Information

Item 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
In millions, except per share amounts

	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Revenue				
Products	$ 778	$ 818	$ 2,178	$ 2,324
Services	686	712	1,989	2,111
Total Revenue	1,464	1,530	4,167	4,435
Operating Expenses				
Cost of products	486	516	1,369	1,478
Cost of services	515	550	1,507	1,610
Selling, general and administrative expenses	319	330	953	995
Research and development expenses	77	82	246	247
Total Operating Expenses	1,397	1,478	4,075	4,330
Income from Operations	67	52	92	105
Interest expense	(4)	(3)	(9)	(8)
Other income, net	22	37	61	68
Income Before Income Taxes	85	86	144	165
Income tax expense	31	33	56	63
Net Income	$ 54	$ 53	$ 88	$ 102
Net Income per Common Share				
Basic	$ 0.57	$ 0.54	$ 0.93	$ 1.04
Diluted	$ 0.55	$ 0.53	$ 0.90	$ 1.00
Weighted Average Common Shares Outstanding				
Basic	96.1	97.6	95.1	98.3
Diluted	99.1	101.1	98.1	102.0

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
In millions, except per share amounts

	September 30 2000 (Unaudited)	December 31 1999
Current assets		
Cash and short-term investments	$ 621	$ 763
Accounts receivable, net	1,152	1,197
Inventories	311	299
Other current assets	281	282
Total Current Assets	2,365	2,541
Reworkable service parts, net	210	209
Property, plant and equipment, net	719	793
Other assets	1,521	1,352
Total Assets	$ 4,815	$ 4,895
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term borrowings	$ 45	$ 37
Accounts payable	388	378
Payroll and benefits liabilities	244	247
Customer deposits and deferred service revenue	357	365
Other current liabilities	507	635
Total Current Liabilities	1,541	1,662
Long-term debt	38	40
Pension and indemnity liabilities	309	342
Postretirement and postemployment benefits liabilities	526	570
Other liabilities	638	623
Minority interests	49	49
Total Liabilities	3,101	3,286
Put Options	14	13
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock: par value $0.01 per share, 100.0 shares authorized, no shares issued or outstanding at September 30, 2000 and December 31, 1999, respectively	-	-
Common stock: par value $0.01 per share, 500.0 shares authorized, 96.3 and 93.6 shares issued and outstanding at September 30, 2000 and December 31, 1999, respectively	1	1
Paid-in capital	1,162	1,081
Retained earnings	554	466
Accumulated other comprehensive income	(17)	48
Total Stockholders' Equity	1,700	1,596
Total Liabilities and Stockholders' Equity	$ 4,815	$ 4,895

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
In millions

	Nine Months Ended September 30 2000	1999
Operating Activities		
Net income	$ 88	$ 102
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	272	278
Net gain on sales of assets	(37)	(35)
Purchased research and development from acquisitions	25	-
Changes in assets and liabilities:		
Receivables	61	266
Inventories	(11)	(9)
Current payables	(19)	(50)
Deferred revenue and customer deposits	(7)	12
Timing of disbursements for employee severance and pension	(217)	(158)
Other assets and liabilities	(91)	(52)
Net Cash Provided by Operating Activities	64	354
Investing Activities		
Short-term investments, net	52	(93)
Net expenditures and proceeds for service parts	(76)	(74)
Expenditures for property, plant and equipment	(163)	(136)
Proceeds from sales of property, plant and equipment	172	89
Business acquisitions and investments	(71)	-
Other investing activities, net	(73)	(68)
Net Cash Used in Investing Activities	(159)	(282)
Financing Activities		
Purchases of Company common stock	(37)	(161)
Short-term borrowings, net	8	13
Long-term borrowings, net	(3)	(1)
Other financing activities, net	55	71
Net Cash Provided by/(Used in) Financing Activities	23	(78)
Effect of exchange rate changes on cash and cash equivalents	(17)	(6)
Decrease in Cash and Cash Equivalents	(89)	(12)
Cash and Cash Equivalents at Beginning of Period	571	488
Cash and Cash Equivalents at End of Period	$ 482	$ 476

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by NCR Corporation (NCR or the Company) without audit pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, include all adjustments consisting only of normal recurring adjustments necessary for a fair presentation of the consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for interim periods are not necessarily indicative of results to be expected for the full year. These financial statements should be read in conjunction with NCR's 1999 Annual Report to Stockholders, Form 10-K for the year ended December 31, 1999 and Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000.

Certain prior year amounts have been reclassified to conform to the 2000 presentation.

2. SUPPLEMENTAL FINANCIAL INFORMATION (in millions)

	Three Months Ended September 30		Nine Months Ended September 30	
Comprehensive Income	2000	1999	2000	1999
Net income	$ 54	$ 53	$ 88	$ 102
Other comprehensive income/(loss), net of tax:				
Unrealized (loss)/gain on securities	(3)	-	(35)	8
Additional minimum pension liability	-	-	6	-
Currency translation adjustments	(22)	54	(36)	9
Total comprehensive income	$ 29	$ 107	$ 23	$ 119

	September 30 2000	December 31 1999
Cash and Short-Term Investments		
Cash and cash equivalents	$ 482	$ 571
Short-term investments	139	192
Total cash and short-term investments	$ 621	$ 763
Inventories		
Finished goods	$ 245	$ 241
Work in process and raw materials	66	58
Total inventories	$ 311	$ 299

3. SEGMENT INFORMATION

Beginning in the third quarter of 2000, the Company's reportable segments are Store Automation, Self Service, Data Warehousing, Systemedia, Payment and Imaging, and All Other. The Payment and Imaging solution, which was previously reported as part of All Other, was reported separately during the third quarter due to its relative contribution to NCR's overall consolidated results. All of these segments include hardware, software, professional consulting and customer support services. Customer support services include maintenance services, staging and implementation services, networking, multi-vendor integration services, consulting services, solution-specific support services and outsourcing solutions.

The following tables present data for revenue and operating income/(loss) by solution operating segments for the quarters ended September 30 (in millions):

	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Revenue				
Store Automation	$ 358	$ 370	$ 944	$ 1,055
Self Service	365	383	1,035	1,096
Data Warehousing	272	221	803	613
Systemedia	123	120	365	352
Payment and Imaging	73	82	220	244
All other segments	273	354	800	1,075
Consolidated revenue	$ 1,464	$ 1,530	$ 4,167	$ 4,435

	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Operating Income/(Loss)				
Store Automation	$ 6	$ 15	$ (34)	$ 29
Self Service	49	61	120	155
Data Warehousing	(12)	(38)	(27)	(130)
Systemedia	3	5	11	15
Payment and Imaging	11	8	30	17
All other segments	15	1	39	19
Restructuring and other special charges (1)	(5)	-	(47)	-
Consolidated operating income	$ 67	$ 52	$ 92	$ 105

(1) Includes restructuring and other related charges and acquisition related in-process research and development charges. (See Notes 7 and 9 of the Notes to Condensed Consolidated Financial Statements). In-process research and development charges during the first nine months of 2000 were $25 million ($20 million, Data Warehousing and $5 million, Store Automation).

4. CONTINGENCIES

In the normal course of business, NCR is subject to various regulations, proceedings, lawsuits, claims and other matters, including actions under laws and regulations related to the environment and health and safety, among others. NCR believes the amounts provided in its consolidated financial statements, as prescribed by generally accepted accounting principles, are adequate in light of the probable and estimable liabilities. However, there can be no assurances that the actual amounts required to discharge alleged liabilities from various lawsuits, claims, legal proceedings and other matters, including the Fox River matter discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in NCR's consolidated financial statements or will not have a material adverse effect on its consolidated results of operations, financial condition or cash flows. Any amounts of costs that may be incurred in excess of those amounts provided as of September 30, 2000 cannot currently be determined.

Environmental Matters

NCR's facilities and operations are subject to a wide range of environmental protection laws. NCR has investigatory and remedial activities underway at a number of facilities that it currently owns or operates, or formerly owned or operated, to comply, or to determine compliance, with such laws. Also, NCR has been identified, either by a government agency or by a private party seeking contribution to site cleanup costs, as a potentially responsible party (PRP) at a number of sites pursuant to various state and federal laws, including the Federal Water Pollution Control Act (FWPCA) and comparable state statutes, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), and comparable state statutes.

Various federal agencies, Native American tribes and the State of Wisconsin (Claimants) consider NCR to be a PRP under the FWPCA and CERCLA for alleged natural resource damages (NRD) and remediation liability with respect to the Fox River and related Green Bay environment (Fox River System) due to, among other things, sediment contamination in the Fox River System allegedly resulting in part from NCR's former carbonless paper manufacturing in Wisconsin. Claimants have also notified a number of other paper manufacturing companies of their status as PRPs resulting from their ongoing or former paper manufacturing operations in the Fox River Valley, and Claimants have entered into a Memorandum of Agreement among themselves to coordinate their actions, including the assertion of claims against the PRPs. Additionally, the federal NRD Claimants have notified NCR and the other PRPs of their intent to commence a NRD lawsuit, but have not as yet instituted litigation. In addition, one of the Claimants, the United States Environmental Protection Agency (USEPA), has formally proposed the Fox River for inclusion on the CERCLA National Priorities List. In February 1999, the State of Wisconsin made available for public review a draft remedial investigation and feasibility study (RI/FS), which outlines a variety of alternatives for addressing the Fox River sediments. While the draft RI/FS did not advocate any specific alternative or combination of alternatives, the estimated total costs provided in the draft RI/FS ranged from $0 for no action (which appears to be an unlikely choice) to between $143 million and $721 million depending on the alternative selected. The USEPA has indicated that the final RI/FS will be issued by year end 2000 and that a decision on the anticipated remedial action will be made in 2001. In addition, one of the federal NRD claimants has released an interim estimate of alleged losses from lost recreational fishing opportunities of between $106 million and $147 million. The federal Claimants have stated their intent to issue a Restoration and Compensation Determination Plan (RCDP) in the fourth quarter of 2000. This document will set out proposed alternatives for the natural resource damages claims. NCR, in conjunction with the other PRPs, has developed a substantial body of evidence that it believes should demonstrate that selection of alternatives involving river-wide restoration/remediation, particularly massive dredging, would be inappropriate and unnecessary. However, because there is ongoing debate within the scientific, regulatory, legal, public policy and legislative communities over how to properly manage large areas of contaminated sediments, NCR believes there is a high degree of uncertainty about the appropriate scope of alternatives that may ultimately be required by the Claimants. An accurate estimate of NCR's ultimate share of restoration/remediation and damages liability cannot be made at this time due to uncertainties with respect to: the scope and cost of the potential alternatives; the outcome of further federal and state NRD assessments; the amount of NCR's share of such restoration/remediation expenses; the timing of any restoration/remediation; the evolving nature of restoration/remediation technologies and governmental policies; the contributions from other parties; and the recoveries from insurance carriers and other indemnitors. NCR believes the other currently named PRPs would be required and able to pay substantial shares toward restoration and remediation, and that there are additional parties, some of which have substantial resources, that may also be liable. Further, in 1978 NCR sold the business to which the claims apply, and NCR and the buyer have reached an interim settlement agreement under which the parties are sharing both defense and liability costs.

It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. NCR accrues environmental provisions when it is probable that a liability has been incurred and the amount or range of the liability is reasonably estimable. Provisions for estimated losses from environmental restoration and remediation are, depending on the site, based primarily on internal and third-party environmental studies, estimates as to the number and participation level of any other PRPs, the extent of the contamination, and the nature of required remedial and restoration actions. Accruals are adjusted as further information develops or circumstances change. Management expects that the amounts accrued from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites, which may as to the Fox River site be 10 to 20 years or more. The amounts provided for environmental matters in NCR's consolidated financial statements are the estimated gross undiscounted amount of such liabilities, without deductions for insurance or third-party indemnity claims. Except for the sharing arrangement described above with respect to the Fox River, in those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectibility of such amounts is probable, the amounts are reflected as receivables in the consolidated financial statements.

5. STOCK REPURCHASE PROGRAM

In 1999, the Board of Directors authorized two share repurchase programs valued at a total of $500 million. The first program was authorized on April 15, 1999 for $250 million and was completed in the fourth quarter of 1999. The second program was authorized on October 21, 1999 for $250 million. As of September 30, 2000, the Company has incurred $69 million of the $250 million authorized in October 1999. In the first nine months of 2000, approximately 1,075,000 shares were repurchased on the open market at an average price of $34.04 per share.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic, except that the weighted average number of shares outstanding include the additional dilution from potential common stock such as stock options and restricted stock awards, when appropriate.

7. RESTRUCTURING

During the fourth quarter of 1999, NCR approved a restructuring plan designed to accelerate the Company's transformation from a computer hardware and product company to a technology solutions and services provider. The plan led to an alignment around the key solutions, an expected elimination of approximately 1,250 positions and an enhanced leverage of the investment in NCR's Data Warehousing offering. A pre-tax charge of $125 million was recorded in the fourth quarter of 1999 to provide for restructuring and other related charges as a result of the plan. There was $73 million of restructuring and other related liabilities incurred in connection with the 1999 business restructuring, which were shown as current liabilities in NCR's 1999 year end balance sheet.

In addition to the pre-tax charge of $125 million recorded in the fourth quarter of 1999, during the first nine months of 2000, the Company recorded $22 million of costs relating to the settlement of customer obligations that were not complete as of December 31, 1999. Included in this $22 million was $21 million recorded in cost of revenue and $1 million recorded in selling, general and administrative expense. The Company expects to complete all of the remaining customer settlements as cost effectively as possible in the fourth quarter of 2000, estimated at an additional $10 million.

In total, the Company expects the pre-tax charge of $125 million to result in cash outlays of $83 million, of which $76 million relates to employee separations that were accrued under the Company's post-employment benefits plan, as well as non-cash write-offs of $42 million. The cash outlays are primarily for employee separations, contract cancellations and settlement of customer obligations. As of September 30, 2000, substantially all cash outlays for other than employee separations had been made. No adjustments have been made to the restructuring and other related liabilities recorded in the fourth quarter of 1999.

In total, the plan called for approximately 1,250 employee separations. As of the end of the third quarter 2000, approximately 67% of the planned employee separations were complete and as of September 30, 2000, the Company has incurred cash outlays for employee separations of $38 million.

8. PUT OPTIONS

In a series of private placements, NCR sold put options that entitle the holder of each option to sell to the Company, by physical delivery, shares of common stock at a specified price. The options sold in the fourth quarter of 1999 and through the second quarter of 2000 have all expired. At the end of the second quarter of 2000, the company had options outstanding for 600,000 shares. Of these 600,000 options, 200,000 expired unexercised and 400,000 were repurchased at an average price of $37.00 per share. NCR sold additional options in the third quarter of 2000 totaling 600,000 shares of which 200,000 expired unexercised. At the end of the third quarter of 2000, the total amount that related to the Company's remaining potential repurchase obligation of 400,000 shares of common stock was $14 million. The put option obligations had no significant effect on diluted earnings per share for the period presented, and the net proceeds from the sale of the put options are shown as an increase to paid-in capital.

Following the end of the third quarter, the 400,000 of outstanding options expired unexercised.

The activity is summarized as follows:

In millions	Cumulative Net Premium Received	Put Options Outstanding Number of Options	Potential Obligation
December 31, 1998	$ -	-	$ -
Sales	1.1	0.4	13.1
Exercises	-	-	-
Expirations	-	-	-
December 31, 1999	$1.1	0.4	$ 13.1
Sales	1.0	0.4	14.8
Exercises	-	-	-
Expirations	-	(0.4)	(13.1)
March 31, 2000	$2.1	0.4	$ 14.8
Sales	2.8	1.0	36.8
Exercises	-	-	-
Expirations	-	(0.8)	(29.6)
June 30, 2000	$4.9	0.6	$ 22.0
Sales	1.1	0.6	21.4
Exercises	-	(0.4)	(14.8)
Expirations	-	(0.4)	(14.3)
September 30, 2000 (1)	$6.0	0.4	$ 14.3

(1) As of November 3, 2000, all outstanding options had expired.

9. ACQUISITIONS

On October 16, 2000, the Company acquired 4Front Technologies, Inc. (4Front). 4Front is a leading provider and integrator of information technology services, consisting of specialized computer services and web-based solutions. 4Front, an employer of approximately 1,900 people, is headquartered in London and has a strong pan-European market presence in the United Kingdom, France, Italy, Germany, Belgium, the Netherlands, Spain and Sweden. This acquisition further strengthens NCR's position in providing high availability service solutions and enables the Company to better service the complex needs of its global customers. The merger will be accounted for as a purchase and, accordingly, the operating results of 4Front will be included in the Company's consolidated financial statements from October 17, 2000 forward. The Company will incur special charges related to the integration beginning in the fourth quarter of 2000.

In the third quarter of 2000, the Company announced the acquisition of the remaining 50 percent interest in Stirling Douglas Group (SDG), a leading demand chain management application software firm. As a result of this purchase, SDG is now a wholly owned subsidiary of NCR. The acquisition enhances NCR's ability to offer business-to-business e-commerce solutions between retailers and suppliers through real-time inventory management while reducing overhead costs. The in-process research and development charge incurred in the third quarter associated with the acquisition of the remaining 50 percent interest in SDG was $1 million.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Restructuring

During the fourth quarter of 1999, our management approved a restructuring plan designed to accelerate our transformation from a computer hardware and product company, to a technology solutions and services provider. The plan led to an alignment around our key solutions, an expected elimination of approximately 1,250 positions and enhanced leverage of the investment in our Data Warehousing offering. A pre-tax charge of $125 million was recorded in the fourth quarter of 1999 to provide for restructuring and other related charges as a result of our plan. There was $73 million of restructuring and other related liabilities incurred in connection with the 1999 business restructuring, which were shown as current liabilities in our 1999 year end balance sheet.

In addition to the pre-tax charge of $125 million recorded in the fourth quarter of 1999, during the first nine months of 2000, we recorded $22 million of costs relating to the settlement of customer obligations that were not complete as of December 31, 1999. Included in this $22 million was $21 million recorded in cost of revenue and $1 million recorded in selling, general and administrative expense. We expect to complete all of the remaining customer settlements as cost effectively as possible in the fourth quarter of 2000, estimated at an additional $10 million.

In total, we expect the pre-tax charge of $125 million to result in cash outlays of $83 million, of which $76 million relates to employee separations that were accrued under our post-employment benefits plan, as well as non-cash write-offs of $42 million. The cash outlays are primarily for employee separations, contract cancellations and settlement of customer obligations. As of September 30, 2000, substantially all cash outlays for other than employee separations had been made. No adjustments have been made to the restructuring and other related liabilities recorded in the fourth quarter of 1999.

In total, the plan called for approximately 1,250 employee separations. As of the end of the third quarter 2000, approximately 67% of the planned employee separations were complete and as of September 30, 2000, we have incurred cash outlays for employee separations of $38 million.

We anticipate annual savings of approximately $75 million as a result of our restructuring plan and estimate that we generated $57 million of the anticipated savings in the first nine months of 2000. The savings primarily come from the elimination of losses in our non-core solutions that we exited as well as other cost savings related to employee separations within our infrastructure support organizations. We estimate that 75% of these savings were recognized as a reduction in operating expenses with the balance being recognized as a reduction in cost of revenue.

Results of Operations

Beginning in the third quarter of 2000, reportable segments are Store Automation, Self Service, Data Warehousing, Systemedia, Payment and Imaging, and All Other. The Payment and Imaging solution, which was previously reported as part of All Other, was reported separately during the third quarter due to its relative contribution to our overall consolidated results. All of these segments include hardware, software, professional consulting and customer support services. Customer support services include maintenance services, staging and implementation services, networking, multi-vendor integration services, consulting services, solution-specific support services and outsourcing solutions.

Three Months Ended September 30, 2000 Compared to Three Months Ended September 30, 1999

For the quarters ended September 30, the effects of significant special items, which include restructuring and other related charges of $4 million in connection with the action announced in October 1999 and acquisition related in-process research and development charges of $1 million, have been excluded from the gross margin, operating expenses and operating income amounts presented and discussed below. (See Notes 7 and 9 of the Notes to Condensed Consolidated Financial Statements and the discussion of acquisitions below).

In millions	2000	1999
Consolidated revenue	$1,464	$1,530
Consolidated gross margin	467	464
Consolidated operating expenses:		
Selling, general and administrative expenses	319	330
Research and development expenses	76	82
Consolidated income from operations	$ 72	$ 52

Revenue: Revenue for the three months ended September 30, 2000 was $1,464 million, a decrease of 4% from the third quarter of 1999. When adjusted for the impact of changes in currency exchange rates, revenue decreased 1%.

The revenue decline in the third quarter of 2000 compared to the prior year primarily reflects the exit of our non-core solutions, the termination of service associated with equipment retired as a result of Year 2000 replacement, product availability issues for our Store Automation solutions, and the impact of currency fluctuations on all solutions. By solution, our revenue in the third quarter of 2000 reflects increased sales of our Data Warehousing solutions of 23% and Systemedia products of 3%. Offsetting the revenue growth in Data Warehousing and Systemedia were declines in sales of our Store Automation solutions of 3%, Self Service solutions of 5%, Payment and Imaging of 11% and our All Other segment of 23%. On an aggregate basis, revenue in our core solutions increased 1% compared with the prior year due primarily to strong revenue growth in our Data Warehousing solution.

Revenue in the third quarter of 2000 compared with the third quarter of 1999 decreased 3% in the Americas region and 16% in the Europe/Middle East/Africa region. The decline in the Europe/Middle East/Africa region was primarily due to the impact of currency fluctuations on all solutions and the exit of our non-core solutions. Revenue in the Asia Pacific region, excluding Japan, increased 19% over the prior year while Japan increased 1%. The revenue growth in the Asia Pacific region, excluding Japan, reflects strong growth in sales of our Data Warehousing and Self Service solutions partially offset by declines in our non-core solutions. When adjusted for the impact of changes in foreign currency exchange rates, revenue increased 25% in the Asia Pacific region, excluding Japan, and decreased 3% in the Americas region, 7% in the Europe/Middle East/Africa region and 3% in Japan. The Americas region comprised 55% of our total revenue in the third quarter of 2000, the Europe/Middle East/Africa region comprised 27%, Japan comprised 9% and the Asia Pacific region, excluding Japan, comprised 9%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue increased 1.6 percentage points to 31.9% in the third quarter of 2000 from 30.3% in the third quarter of 1999. Products gross margin increased 0.6 percentage points to 37.5% in the third quarter of 2000 from 36.9% in the third quarter of 1999. This increase is primarily attributable to product margin rate improvement in our Data Warehousing solutions as a result of increased volume. Services gross margin increased 2.7 percentage points to 25.5% in the third quarter of 2000 from 22.8% in the third quarter of 1999. This increase is attributable to margin rate improvements in our consulting business due primarily to improved utilization of our technical consultants.

Selling, general and administrative expenses decreased $11 million, or 3.3%, in the third quarter of 2000 from the third quarter of 1999 reflecting the exit of our non-core solutions and our focus on expense containment initiatives. As a percentage of revenue, selling, general and administrative expenses were 21.8% in the third quarter of 2000 and 21.6% in the third quarter of 1999. Research and development expenses decreased $6 million to $76 million in the third quarter of 2000. As a percentage of revenue, research and development expenses were 5.2% in the third quarter of 2000 compared to 5.4% in the third quarter of 1999. The third quarter research and development expenses reflect increased investments in our strategic operating segments that were more than offset by spending reductions in our non-core/exited operating segments.

Gross margins and operating expenses were favorably impacted in the third quarter of 2000 and 1999 from our pension benefits plan with an additional $17 million of income being recognized in the third quarter of 2000. Gross margins and operating expenses were unfavorably impacted in the third quarter of 2000 and 1999 from our post-employment and post-retirement benefit plans and associated investments with $2 million more expense in the third quarter of 2000. The net impact on operating results from our combined pension, post-retirement and post-employment plans was $15 million additional income in the third quarter of 2000 as compared to the third quarter of 1999.

Income Before Income Taxes: Operating income was $72 million in the third quarter of 2000 compared to $52 million in the third quarter of 1999.

Other income, net of expenses, was $18 million in the third quarter of 2000 compared to $34 million in the third quarter of 1999. Other income in 2000 includes approximately $19 million of gains on sales of facilities compared to $28 million in 1999.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates. The provision for income taxes in the third quarter of 2000 was $31 million compared to $33 million in the third quarter of 1999.

Nine Months Ended September 30, 2000 Compared to Nine Months Ended September 30, 1999

For the nine months ended September 30, the effects of significant special items, which include restructuring and other related charges of $22 million in connection with the action announced in October 1999 and acquisition related in-process research and development charges of $25 million, have been excluded from the gross margin, operating expenses and operating income amounts presented and discussed below. (See Notes 7 and 9 of the Notes to Condensed Consolidated Financial Statements and the discussion of acquisitions below).

In millions	2000	1999
Consolidated revenue	$4,167	$4,435
Consolidated gross margin	1,312	1,347
Consolidated operating expenses:		
Selling, general and administrative expenses	952	995
Research and development expenses	221	247
Consolidated income from operations	$ 139	$ 105

Revenue: Revenue for the nine months ended September 30, 2000 was $4,167 million, a decrease of 6% from the first nine months of 1999. When adjusted for the impact of changes in currency exchange rates, revenue decreased 4%.

The revenue decline in the third quarter of 2000 compared to the prior year primarily reflects the exit of our non-core solutions, the termination of service associated with equipment retired as a result of Year 2000 replacement, product availability issues for our Store Automation solutions and the impact of currency fluctuations on all solutions. By solution, our revenue for the first nine months of 2000 reflects increased sales of our Data Warehousing solutions of 31% and Systemedia products of 4%. Offsetting the revenue growth in Data Warehousing and Systemedia were declines in sales of our Store Automation solutions of 11%, Self Service solutions of 6%, Payment and Imaging solutions of 10% and our All Other segment of 26%. On an aggregate basis, revenue in our core solutions was flat with the prior year.

Revenue in the first nine months of 2000 compared with the first nine months of 1999 decreased 6% in the Americas region and 17% in Europe/Middle East/Africa region. The decline in the Europe/Middle East/Africa region was primarily due to the impact of currency fluctuations on all solutions and the exit of our non-core solutions. Revenue in the Asia Pacific region, excluding Japan, increased 25% over the prior year while Japan increased 1%. The revenue growth in the Asia Pacific region reflects strong sales in our Data Warehousing, Payment and Imaging, and Self Service solutions. When adjusted for the impact of changes in foreign currency exchange rates, revenue on a local currency basis increased 29% in the Asia Pacific region, excluding Japan, and decreased 6% in the Americas region, 9% in the Europe/Middle East/Africa region, and 8% in Japan. The Americas region comprised 53% of NCR's total revenue in the first nine months of 2000, the Europe/Middle East/Africa region comprised 28%, Japan comprised 10% and the Asia Pacific region, excluding Japan, comprised 9%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue increased 1.1 percentage points to 31.5% in the first nine months of 2000 from 30.4% in the same period of 1999. Products gross margin increased 0.9 percentage points to 37.3% in the first nine months of 2000. This increase is primarily attributable to product margin rate improvement in our

Data Warehousing and Payment and Imaging solutions. Services gross margin increased 1.4 percentage points to 25.1% in the first nine months of 2000 primarily due to improved utilization of our technical consultants.

Selling, general and administrative expenses decreased $43 million, or 4.3%, in the first nine months of 2000 from the first nine months of 1999 reflecting the exit of our non-core solutions and our focus on expense containment initiatives. As a percentage of revenue, selling, general and administrative expenses were 22.8% in the first nine months of 2000 and 22.4% in the first nine months of 1999. Research and development expenses in the first nine months of 2000 reflect increased investments in our strategic operating segments, which were more than offset by spending reductions in our non-core/exited operating segments. As a result of this, research and development expenses decreased $26 million to $221 million in the first nine months of 2000. As a percentage of revenue, research and development expenses were 5.3% in the first nine months of 2000 compared to 5.6% in the first nine months of 1999.

Gross margins and operating expenses were favorably impacted in the first nine months of 2000 compared to the same period of 1999 from our pension benefits plan with an additional $51 million of income being recognized through September 2000. Gross margins and operating expenses were unfavorably impacted in the first nine months of 2000 compared to 1999 from our post-employment and post-retirement benefit plans and associated investments with $22 million more expense during the first nine months of 2000. The net impact on operating results from our combined pension, post-retirement and post-employment plans was $29 million additional income in the first nine months of 2000 as compared to the same period of 1999.

Income Before Income Taxes: Operating income was $139 million in the first nine months of 2000 compared to $105 million in the same period of 1999.

Other income, net of expenses, was $52 million in the first nine months of 2000 compared to $60 million in the first nine months of 1999. Other income includes gains on sales of facilities of approximately $48 million in 2000 compared to $39 million in 1999.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates. The provision for income taxes was $56 million in the first nine months of 2000 compared to $63 million in the first nine months of 1999.

Financial Condition, Liquidity, and Capital Resources

Our cash, cash equivalents, and short-term investments totaled $621 million at September 30, 2000 compared to $763 million at December 31, 1999.

Operating Activities: We generated net cash flows from operations of $64 million in the first nine months of 2000 compared to $354 million in the first nine months of 1999. Receivable balances decreased $61 million in the first nine months of 2000 and $266 million in the same period in 1999. The significant decrease in our receivable balances in the first nine months of 1999 reflected our strong focus on collections that we have been able to maintain with incremental improvements in the first nine months of 2000. We used $217 million of cash in the first nine months of 2000 related to the timing of disbursements for employee severance and pension compared to a $158 million use of cash in the same period of 1999. The use of cash in the first nine months of 2000 relates primarily to cash payments of benefits from unfunded pension, post-retirement, and post-employment plans and severance related cash payments.

Investing Activities: Net cash flows used in investing activities were $159 million in the first nine months of 2000 and $282 million in the same period of 1999. In 2000, we decreased our short-term investments by $52 million as we increased the liquidity of our overall portfolio due to expected acquisition activity; this compared to a $93 million increase in our short-term investments in 1999. Net expenditures and proceeds for service parts utilized $76 million of cash in the first nine months of 2000 compared to $74 million in the same period of 1999. Capital expenditures were $163 million for the first nine months of 2000 and $136 million in the same period of 1999. The increase in capital expenditures primarily relates to expenditures for information technology and expenditures for facilities to support sales and marketing activities. Proceeds from the sales of facilities and other assets for the first nine months of 2000 was $172 million compared to $89 million in the same period of 1999. The increase in proceeds is driven by our ongoing asset management initiative to sell less productive assets such as real estate. Business acquisitions and investments utilized $71 million of cash in the first nine months of 2000 and is the result of our strategy to invest in our core solutions and related technologies.

Financing Activities: Net cash provided by financing activities was $23 million in the first nine months of 2000 compared to a use of $78 million in the same period of 1999. As of September 30, 2000, $37 million of cash was used in the repurchase of Company stock pursuant to the stock repurchase program included in Note 5 of the Notes to Consolidated Financial Statements; $161 million of cash was used in the same period of 1999 to repurchase Company stock. In the first nine months of 2000, we reported cash flows of $55 million from other financing activities compared to $71 million in the same period of 1999. Other financing cash flows primarily relate to share activity under our stock option and employee stock purchase plans.

We believe that cash flows from operations, existing credit facilities, and other short- and long-term financing, if any, will be sufficient to satisfy our future working capital, research and development, capital expenditure and other financing requirements for the foreseeable future.

Acquisitions: On October 16, 2000, we acquired 4Front Technologies, Inc. (4Front). 4Front is a leading provider and integrator of information technology services, consisting of specialized computer services and web-based solutions. 4Front, an employer of approximately 1,900 people, is headquartered in London and has a strong pan-European market presence in the United Kingdom, France, Italy, Germany, Belgium, the Netherlands, Spain and Sweden. This acquisition further strengthens our position in providing high availability service solutions and enables us to better service the complex needs of our global customers. The merger will be accounted for as a purchase and, accordingly, the operating results of 4Front will be included in our consolidated financial statements from October 17, 2000 forward. We expect to incur special charges related to the integration beginning in the fourth quarter of 2000.

In July of 2000, we announced the acquisition of the remaining 50 percent interest in Stirling Douglas Group (SDG), a leading demand chain management application software firm. As a result of this purchase, SDG is now a wholly owned subsidiary of NCR. The acquisition enhances NCR's ability to offer business-to-business e-commerce solutions between retailers and suppliers through real-time inventory management while reducing overhead costs. The in-process research and development charge incurred in the third quarter associated with the acquisition of the remaining 50 percent interest in SDG was $1 million.

The pro forma results of operations through the end of the third quarter of 1999 and 2000, assuming that all 1999 and 2000 acquisitions occurred on January 1, 1999, do not differ materially from amounts reported.

Factors That May Affect Future Results

This quarterly report, other documents that we file with the Securities and Exchange Commission, as well as other oral or written statements we may make, contain information based on management's beliefs and include forward-looking statements that involve a number of risks, uncertainties and assumptions. These forward-looking statements are not guarantees of future performance, and there are a number of factors, including those listed below, which could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements.

Competition

Our ability to compete effectively within the technology industry is critical to our future success.

We compete in the intensely competitive information technology industry. This industry is characterized by rapidly changing technology, evolving industry standards, frequent new product introductions, price and cost reductions, and increasingly greater commoditization of products, making differentiation difficult. In addition, this intense competition increases pressure on gross margins that could impact our business and operating results. Our competitors include other large, successful companies in the technology industry such as: International Business Machines (IBM), Wincor Nixdorf Gmbh & Co., Unisys Corporation, Diebold, Inc., and Oracle Corporation, some of which have widespread penetration of their platforms. If we are unable to compete successfully, the demand for our solutions, including products and services, would decrease. Any reduction in demand could lead to fewer customer orders, a decrease in the prices of our products and services, reduced revenues, reduced margins, operating inefficiencies, reduced levels of profitability, and loss of market share. These competitive pressures could impact our business and operating results.

Our future competitive performance depends on a number of factors, including our ability to: rapidly and continually design, develop and market, or otherwise obtain and introduce solutions and related products and services for our customers that are competitive in the marketplace; offer a wide range of solutions from small electronic shelf labels to very large enterprise data warehouses; offer solutions to customers that operate effectively within a computing environment which includes the integration of hardware and software from multiple vendors; offer products that are reliable and that ensure the security of data and information; offer high-quality, high availability services; market and sell all of our solutions effectively.

New Solutions Introductions

The solutions we sell are very complex, and we need to rapidly and successfully develop and introduce new solutions.

We operate in a very competitive, rapidly changing environment, and our future success depends on our ability to develop and introduce new solutions that our customers choose to buy. If we are unable to develop new solutions, our business and operating results would be impacted. This includes our efforts to rapidly develop and introduce data warehousing software applications. The development process for our complex solutions, including our software application development programs, requires high levels of innovation from both our developers and our suppliers of the components embedded in our solutions. In addition, the development process can be lengthy and costly. It requires us to commit a significant amount of resources to bring our business solutions to market. If we are unable to anticipate our customers' needs and technological trends accurately, or are otherwise unable to complete development efficiently, we would be unable to introduce new solutions into the market on a timely basis, if at all, and our business and operating results would be impacted. In addition, if we were unable to successfully market and sell both existing and newly developed solutions, our operating results would be impacted.

Our solutions which contain both hardware and software products may contain known as well as undetected errors which may be found after the products' introduction and shipment. While we attempt to fix errors that we believe would be considered critical by our customers prior to shipment, we may not be able to detect or fix all such errors, and this could result in lost revenues, delays in customer acceptance, and incremental costs which would all impact our operating results.

Reliance on Third Parties

Third party suppliers provide important elements to our solutions.

We rely on many suppliers for necessary parts and components to complete our solutions. In most cases, there are a number of vendors producing the parts and components that we utilize. However, there are some components that are purchased from single sources due to price, quality, technology or other reasons. For example, we depend on chips and microprocessors from Intel Corporation and operating systems from UNIX(R) and Microsoft Windows NT(R). Certain parts and components used in the manufacture of our ATMs and the delivery of some of our Store Automation solutions are also supplied by single sources. If we were unable to purchase the necessary parts and components from a particular vendor and we had to find an alternative supplier for such parts and components, our new and existing product shipments and solutions deliveries could be delayed, impacting our business and operating results.

We have, from time to time, formed alliances with third parties (such as the outsourcing arrangements with Solectron Corporation to manufacture hardware) that have complementary products, services and skills. These alliances introduce risks that we can not control such as non-performance by third parties and difficulties with or delays in integrating elements provided by third parties into our solutions. The failure of third parties to provide high quality products or services that conform to the required specifications could impair the delivery of our solutions on a timely basis and impact our business and operating results.

Acquisitions and Alliances

Our ability to successfully integrate acquisitions or effectively manage alliance activities will help drive future growth.

As part of our overall solutions strategy, we have made and intend to continue to make investments in companies, products, services and technologies, either through acquisitions, joint ventures or strategic alliances. Acquisitions and alliance activities inherently involve risks. The risks we may encounter include those associated with assimilating and integrating different business operations, corporate cultures, personnel, infrastructures and technologies or products acquired or licensed, retaining key employees, and the potential for unknown liabilities within the acquired or combined business. The investment or alliance may also disrupt our ongoing business or we may not be able to successfully incorporate acquired products, services or technologies into our solutions and maintain quality. Business acquisitions typically result in intangible assets being recorded and amortized in future years. Future operating results could be impacted if our acquisitions do not generate profitable results in excess of the related amortization expense.

Operating Result Fluctuations

We expect our quarterly revenues and operating results to fluctuate for a number of reasons.

Future operating results will continue to be subject to quarterly fluctuations based on a variety of factors, including:

Seasonality. Our sales are historically seasonal, with revenue higher in the fourth quarter of each year. During the three quarters ending in March, June and September, we have historically experienced less favorable results than in the quarter ending in December. Such seasonality also causes our working capital cash flow requirements to vary from quarter to quarter depending on the variability in the volume, timing and mix of product sales. In addition, revenue in the third month of each quarter is typically higher than in the first and second months. These factors, among other things, make forecasting more difficult and may adversely affect our ability to predict financial results accurately.

Acquisitions and Alliances. As part of our solutions strategy, we have made and intend to continue to acquire technologies, products, and businesses as well as form strategic alliances and joint ventures. As these activities take place and we begin to include the financial results related to these investments, our operating results will fluctuate. For example, the acquisition of 4Front Technologies, Inc. will result in incremental customer services revenue, margin and operating expenses.

Multi-National Operations

Continuing to generate substantial revenues from our multi-national operations helps to balance our risks and meet our strategic goals.

Currently, approximately 59% of our revenues come from our international operations. We believe that our geographic diversity may help to mitigate some risks associated with geographic concentrations of operations (e.g., adverse changes in foreign currency exchange rates or business disruptions due to economic or political uncertainties). However, our ability to sell our solutions internationally is subject to the following risks, among others: general economic and political conditions in each country which could adversely affect demand for our solutions in these markets, as recently occurred in certain Asian markets; currency exchange rate fluctuations which could result in lower demand for our products as well as generate currency translation losses, such as the recent weakness in the Euro; currency changes such as the Euro introduction which could affect cross border competition, pricing, and require modifications to our offerings to accommodate the changeover; changes to and compliance with a variety of local laws and regulations which may increase our cost of doing business in these markets or otherwise prevent us from effectively competing in these markets.

Restructuring

Successfully completing our restructuring activities is important as it is designed to improve our focus and overall profitability.

As we have discussed, we plan to grow revenue and earnings through the realignment of our businesses into our key solutions: Self Service, Store Automation and Data Warehousing. Our success with these restructuring activities depends on a number of factors including our ability to: execute strategies in various markets, including electronic commerce and other new industries beyond our traditional focus; exit certain businesses as planned; profitably replace the lost revenues; and manage issues that may arise in connection with the restructuring such as gaps in short-term performance, diversion of management focus and employee morale and retention. In particular, our business plan includes leveraging the Teradata(R) technology in electronic commerce and other industries. If we are not successful in managing the required changes to achieve this realignment, our business and operating results could be impacted.

Employees

Hiring and retaining highly qualified employees helps us to achieve our business objectives.

Our employees are vital to our success, and our ability to attract and retain highly skilled technical, sales, consulting, and other key personnel is critical as these key employees are difficult to replace. The expansion of high technology companies has increased demand and competition for qualified personnel. If we are not able to attract or retain highly qualified employees in the future, this could impact our business and operating results.

Intellectual Property

As a technology company, our intellectual property portfolio is key to our future success.

Our intellectual property portfolio is a key component of our ability to be a leading technology and services solutions provider. To that end, we aggressively protect and work to enhance our proprietary rights in our intellectual property through patent, copyright, trademark and trade secret laws and if our efforts fail, our business could be impacted. In addition, many of our offerings rely on technologies developed by others and if we were not able to continue to obtain licenses for such technologies, our business would be impacted. Moreover, from time to time, we receive notices from third parties regarding patent and other intellectual property claims. Whether such claims are with or without merit, they may require significant resources to defend and, if an infringement claim is successful, in the event we are unable to license the infringed technology or to substitute similar non-infringing technology, our business could be adversely affected.

Environmental

Our historical and ongoing manufacturing activities subject us to environmental exposures.

We have been identified as a potentially responsible party in connection with the Fox River matter as further described in "Environmental Matters" under Note 4 of the Notes to Condensed Consolidated Financial Statements on page 7 of this quarterly report and we incorporate such discussion in this Management's Discussion and Analysis of Financial Condition and Results of Operations by reference and make it a part of this risk factor.

Contingencies

Like other technology companies, we face uncertainties with regard to regulations, lawsuits and other related matters.

We are subject to regulations, proceedings, lawsuits, claims and other matters, including those that relate to the environment, health and safety and intellectual property. Such matters are subject to the resolution of many uncertainties, thus, outcomes are not predictable with assurance. While we believe that amounts provided in our financial statements are currently adequate in light of the probable and estimable liabilities, there can be no assurances that the amounts required to discharge alleged liabilities from lawsuits, claims and other legal proceedings and environmental matters, and to comply with applicable environmental laws will not impact future operating results.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes in foreign currency exchange rates and interest rates. We use a variety of measures to monitor and manage these risks, including derivative financial instruments. Since a substantial portion of our operations and revenue occur outside the United States, our results can be significantly impacted by changes in foreign currency exchange rates. To manage our exposures to changes in currency exchange rates, we enter into various derivative financial instruments such as forward contracts and options. These instruments generally mature within twelve months. At inception, the derivative instruments are designated as hedges of inventory purchases and sales and of certain financing transactions which are firmly committed or forecasted. Generally, gains and losses on qualifying hedged transactions are deferred and recognized in the determination of income when the underlying transactions are realized, canceled or otherwise terminated. When hedging certain foreign currency transactions of a long-term investment nature, gains and losses are recorded in the currency translation adjustment component of stockholders' equity. Gains and losses on other foreign exchange contracts are generally recognized currently in other income or expense as exchange rates change.

For purposes of potential risk analysis, we use sensitivity analysis to determine the impacts that market risk exposures may have on the fair values of our hedge portfolio related to anticipated transactions. The foreign currency exchange risk is computed based on the market value of future cash flows as impacted by the changes in the rates attributable to the market risk being measured. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the opposite gain or loss on the forecasted underlying transaction A 10% strengthening of the US Dollar against foreign currencies would result in an $8 million increase in fair value at September 30, 2000, against a $4 million decrease in fair value for the prior period. A 10% weakening of the US Dollar against foreign currencies would result in a $5 million increase in fair value at September 30, 2000, compared to a $20 million increase in fair value for the prior period.

The interest rate risk associated with our borrowing and investing activities at September 30, 2000 is not material in relation to our consolidated financial position, results of operations or cash flows. We do not generally use derivative financial instruments to alter the interest rate characteristics of our investment holdings or debt instruments.

Part II. Other Information

Item 1. LEGAL PROCEEDINGS

The information required by this item is included in the material under Note 4 of the Notes to Condensed Consolidated Financial Statements on page 7 of this quarterly report and is incorporated in this Item 1 as by reference and made a part hereof.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1 Articles of Amendment and Restatement of NCR Corporation as amended May 14, 1999 (incorporated by reference to Exhibit 3.1 from the NCR Corporation Form 10-Q for the period ended June 30, 1999) and Articles Supplementary of NCR Corporation (incorporated by reference to Exhibit 3.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1996 (the "1996 NCR Annual Report")).

3.2 Bylaws of NCR Corporation, as amended and restated on February 3, 2000 (incorporated by reference to Exhibit 3.2 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).

4.1 Common Stock Certificate of NCR Corporation (incorporated by reference to Exhibit 4.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).

4.2 Preferred Share Purchase Rights Plan of NCR Corporation, dated as of December 31, 1996, by and between NCR Corporation and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 from the 1996 NCR Annual Report).

10.1 Letter agreement dated June 20, 2000 (incorporated by reference to Exhibit 10.1 to the NCR Corporation Quarterly Report on Form 10-Q for the Quarter ended June 30, 2000).

10.1(a) Agreement and Plan of Merger by and among NCR Corporation, NCR Merger Sub Inc. and 4Front Technologies, Inc. dated August 2, 2000 (incorporated by reference to Annex A from the 4Front Technologies, Inc. Notice of Annual Meeting of Stockholders and Proxy Statement dated September 25, 2000).

10.1(b) Amendment to Agreement and Plan of Merger by and among NCR Corporation, NCR Merger Sub Parent, Inc., NCR Merger Sub Inc., and 4Front Technologies, Inc. dated October 6, 2000.

27 Financial Data Schedule.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended September 30, 2000.

UNIX is a registered trademark in the United States and other countries, exclusively licensed through X/OPEN Company Limited.

Windows NT is a registered trademark of Microsoft Corporation.

Teradata is either a registered trademark or trademark of NCR International, Inc. in the United States and/or other countries.

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.

NCR CORPORATION

Date: November 10, 2000

By: /s/ David Bearman

David Bearman, Senior Vice President
and Chief Financial Officer

EXHIBIT 10.1(b)

AMENDMENT
TO
AGREEMENT AND PLAN OF MERGER

This AMENDMENT TO AGREEMENT AND PLAN OF MERGER (this "Amendment"), dated as of October 6, 2000, is entered into by and among NCR CORPORATION, a Maryland corporation ("Parent"), NCR MERGER SUB PARENT, INC., a Delaware corporation ("Merger Sub Parent"), NCR MERGER SUB INC., a Delaware corporation ("Merger Sub"), and 4FRONT TECHNOLOGIES, INC., a Delaware corporation (the "Company").

RECITALS

WHEREAS, Parent, Merger Sub and the Company are parties to that certain Agreement and Plan of Merger, dated as of August 2, 2000, by and among Parent, Merger Sub and the Company (the "Agreement"); and

WHEREAS, Merger Sub is a wholly-owned subsidiary of Merger Sub Parent and Merger Sub Parent is a wholly-owned subsidiary of Parent; and

WHEREAS, the Parent, Merger Sub and the Company wish to amend the Agreement pursuant to Section 9.5 thereof in order to, among other things, make Merger Sub Parent a party thereto;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

   1.1. Unless otherwise defined herein, all capitalized terms used herein and defined in the Agreement shall have the meaning ascribed to such terms in the Agreement.

2. AMENDMENT OF AGREEMENT

   2.1. The Agreement shall be amended as follows:

   (a) The definition of "Parties" in Section 1.1 of the Agreement shall be deleted and replaced with the following text:

   "Parties" shall mean Parent, Merger Sub Parent, Merger Sub and the Company.

   (b) The following definition shall be added to Section 1.1 of the Agreement:

   "Merger Sub Parent" shall mean NCR Merger Sub Parent, Inc., a Delaware corporation.

   (c) Article II of the Agreement shall be renamed "MERGER SUB PARENT AND MERGER SUB".

   (d) Section 2.1 of the Agreement shall be deleted in its entirety and replaced with the following text:

   (a) Organization of Merger Sub. Parent has organized Merger Sub for the sole purpose of effectuating the Merger contemplated herein. The authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value $0.01 per share, all of which shares were issued to Parent at a price of $1.00 per share and subsequently transferred by Parent to Merger Sub Parent in exchange for 1,000 shares of common stock, par value $0.01 per share of Merger Sub Parent.

(b) Organization of Merger Sub Parent. Parent has organized Merger Sub Parent for the sole purpose of effectuating the Merger contemplated herein. The authorized capital stock of Merger Sub Parent consists of 1,000 shares of common stock, par value $0.01 per share, all of which shares have been issued to Parent in exchange for 1,000 shares of common stock, par value $0.01 per share of Merger Sub.

(e) Article V of the Agreement shall be renamed "REPRESENTATIONS AND WARRANTIES OF PARENT, MERGER SUB PARENT AND MERGER SUB".

(f) The introductory sentence of Article V of the Agreement shall be deleted in its entirety and replaced with the following text:

Parent, Merger Sub Parent and Merger Sub hereby represent and warrant to the Company as follows:

(g) Section 5.1 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.1 Organization and Qualification. Each of Parent, Merger Sub Parent and Merger Sub (I) is a corporation duly organized, validly existing and, to the extent applicable, in good standing under the laws of its jurisdiction of incorporation; (ii) has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted; and (iii) is duly qualified or licensed to do business and, to the extent applicable, is in good standing, in each jurisdiction in which the properties owned, leased or operated by it or the nature of its activities makes such qualification necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing has not had and is not reasonably likely to have, either individually or in the aggregate, a Material Adverse Effect on Parent, Merger Sub Parent or Merger Sub, respectively.

(h) Section 5.3 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.3 Authorization and Validity of Agreement with respect to Merger Sub Parent and Merger Sub. Each of Merger Sub Parent and Merger Sub has all requisite corporate power and authority to enter into this Agreement and has all requisite corporate power and authority to perform its respective obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by each of Merger Sub Parent and Merger Sub of this Agreement and the consummation by Merger Sub Parent and Merger Sub of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of Merger Sub Parent and Merger Sub. This Agreement has been duly executed and delivered by each of Merger Sub Parent and Merger Sub and is a legal, valid and binding obligation of each of Merger Sub Parent and Merger Sub, enforceable against each of Merger Sub Parent and Merger Sub in accordance with its terms (except insofar as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies).

(i) Section 5.4 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.4 No Conflict with Instruments. The execution and delivery by Parent, Merger Sub Parent and Merger Sub of this Agreement do not, and the performance by Parent, Merger Sub Parent and Merger Sub of their respective obligations hereunder, and the consummation by Parent, Merger Sub Parent and Merger Sub of the Merger and the other transactions contemplated herein will not, conflict with or violate the charter or bylaws of Parent, Merger Sub Parent or Merger Sub or the charter or bylaws of any corporate Subsidiary of Parent or the partnership agreement of any partnership Subsidiary of Parent.

(j) Section 5.5 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.5 No Prior Activities of Merger Sub Parent or Merger Sub. Merger Sub Parent and Merger Sub were formed by Parent solely for the purpose of engaging in the transactions contemplated hereby, and have engaged in no other business activities and have conducted their operations only as contemplated hereby.

(k) Section 5.6 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.6 Information Supplied. None of the information supplied or to be supplied by Parent, Merger Sub Parent or Merger Sub for inclusion or incorporation by reference in any documents filed or to be filed with the Commission or any other Governmental Entity in connection with the transactions contemplated hereby, including the Proxy Statement, will, at the respective times such documents are filed (and also in the case of the Proxy Statement, at the date the Proxy Statement is first mailed to the Company's stockholders or at the time of the Company Stockholder Meeting (as hereinafter defined)), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading (or necessary to correct any statement in any earlier communication), except that no representation is made by Parent, Merger Sub Parent or Merger Sub with respect to information supplied by the Company in writing specifically for inclusion or incorporation by reference therein.

(l) Section 5.7 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.7 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent, Merger Sub Parent or Merger Sub, and Parent agrees to indemnify and hold the Company harmless from and against any and all claims, liabilities or obligations with respect to any other such fees, commissions, expenses or claims for indemnification or contribution asserted by any Person.

(m) Section 5.9 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.9 Ownership of Company Capital Stock. Neither Parent, Merger Sub Parent nor Merger Sub is, nor at any time during the last three years has it been, an "interested stockholder" of the Company as defined in Section 203 of the DGCL (other than as contemplated by this Agreement). Neither Parent, Merger Sub Parent nor Merger Sub owns (directly or indirectly, beneficially or of record) or is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, any shares of capital stock of the Company (other than as contemplated by this Agreement).

(n) Section 5.10 of the Agreement shall be deleted in its entirety and replaced with the following text:

5.10 Legal Proceedings. There is no (i) suit, action or proceeding pending of which Parent, Merger Sub Parent, Merger Sub, or any of Parent's Subsidiaries have received notice or, to the knowledge of Parent, Merger Sub Parent or Merger Sub, any investigation pending or any suit, action, proceeding or investigation threatened, against Parent, Merger Sub Parent, Merger Sub, or any Subsidiary of Parent which seeks to restrain, enjoin or delay the consummation of the Merger or any of the other transactions contemplated hereby or which seeks damages in connection therewith; or (ii) Injunction of any type referred to in Section 7.1(c) of which Parent, Merger Sub Parent, Merger Sub, or any of Parent's Subsidiaries has received notice which has been entered or issued and is in effect.

(o) Article V of the Agreement shall be amended by adding the following text as Section 5.12:

5.12 Effect of Amendment to Agreement and Plan of Merger. The addition of NCR Merger Sub Parent as a Party to the Agreement as contemplated by this Amendment shall not reduce the Per Share Amount, cause any material delay in the consummation of the Merger, or subject the Company's stockholders, generally, or any class of such stockholders, generally, to additional tax liabilities that are primarily attributable to the Merger and the addition of Merger Sub Parent as a party to the Agreement.

(p) The second sentence of Section 6.1(a) of the Agreement shall be amended by adding the words "Merger Sub Parent" after the phrase "in any manner adverse to Parent."

(q) The first sentence of Section 6.7 of the Agreement shall be amended by replacing the phrase "Each of the Company, Parent and Merger Sub" with "Each of the Company, Parent, Merger Sub Parent and Merger Sub".

(r) Section 6.7(a)(iii) shall be deleted in its entirety and replaced with the following text: (iii) using commercially reasonable efforts to obtain all necessary consents, approvals, waivers, licenses, permits, authorizations, registrations, qualifications, or other permission or action by, and giving all necessary notices to and making all necessary filings with and applications and submissions to, any Governmental Entity or other Person required to be obtained or made by Parent, Merger Sub Parent, Merger Sub, the Company or any of their Subsidiaries in connection with the Merger or the taking of any action contemplated thereby or by this Agreement or the Option Agreement;

(s) Section 6.7(b) of the Agreement shall be deleted in its entirety and replaced with the following text:

(b) In its capacity as the sole stockholder of Merger Sub Parent, Parent will cause Merger Sub Parent to approve and adopt this Agreement and to take all corporate action necessary on its part to consummate the transactions contemplated hereby and Merger Sub Parent's obligations under this Agreement. In its capacity as the sole stockholder of Merger Sub, Merger Sub Parent will cause Merger Sub to approve and adopt this Agreement and to take all corporate action necessary on its part to consummate the transactions contemplated hereby and Merger Sub's obligations under this Agreement. Except as contemplated by this Agreement, Merger Sub Parent and Merger Sub will not conduct any other business, and will have no other assets or liabilities.

(t) Section 6.7(d) of the Agreement shall be amended by inserting the text ", Merger Sub Parent" after the phrase "(ii) any failure of the Company, Parent".

(u) Section 6.8(b) of the Agreement shall be amended by inserting the text ", Merger Sub Parent" after the following two phrases: (i) "oppose the Merger and will cooperate with Parent" and (ii) "that failing so to cooperate with such third party or cooperating with Parent".

(v) The second sentence of Section 6.9(a) of the Agreement shall be amended by replacing the phrase "Parent and Merger Sub agree that all rights" with "Parent, Merger Sub Parent and Merger Sub agree that all rights".

(w) Section 6.9(e) of the Agreement shall be deleted in its entirety and shall be replaced with the following text:

> (e) This Section 6.9 shall survive consummation of the Merger and is intended to benefit the Indemnified Employees, and shall be enforceable by each Indemnified Employee, as well as his or her representatives, and shall be binding on all successors and assigns of Parent, Merger Sub Parent, Merger Sub, and the Surviving Entity.

(x) Section 7.2 of the Agreement shall be amended by inserting the words ", Merger Sub Parent" after the phrase "The obligation of Parent".

(y) The first sentence of Section 7.3(a) of the Agreement shall be amended by inserting the text ", Merger Sub Parent" after the phrase "The representations and warranties of Parent".

(z) Section 7.3(b) of the Agreement shall be deleted in its entirety and shall be replaced with the following text:

> (b) Covenants. Parent, Merger Sub Parent and Merger Sub shall have performed in all material respects all obligations, and shall have complied in all material respects with all agreements and covenants, to be performed or complied with by them, respectively, under this Agreement, and the Company shall have received an omnibus certificate of the appropriate officers of Parent, Merger Sub Parent and Merger Sub to such effect.

(aa) Section 8.1(a) of the Agreement shall be deleted in its entirety and shall be replaced with the following text:

> (a) By mutual written consent duly authorized by the boards of directors of Parent, Merger Sub Parent, Merger Sub and the Company prior to the Effective Time; or

(bb) Section 8.1(i) of the Agreement shall be amended by inserting the words ", Merger Sub Parent" after the phrase "By the Company, if Parent".

(cc) Section 8.2(b) of the Agreement shall be amended by inserting the words ", Merger Sub Parent" after the phrase "and other Persons and assumed by Parent".

(dd) The first sentence of Section 9.1 of the Agreement shall be amended by inserting the words ", Merger Sub Parent" after the phrase "The respective representations and warranties of Parent,".

(ee) Section 9.2(a) of the Agreement shall be amended by replacing the phrase "If to Parent or Merger Sub" with "If to Parent, Merger Sub Parent or Merger Sub".

(ff) Section 9.3 of the Agreement shall be deleted in it entirety and replaced with the following text:

9.3 Entire Agreement. This Agreement, as amended by that certain Amendment to Agreement and Plan of Merger, dated as of October 6, 2000, by and among the Parties, (including the Exhibits and other documents referred to herein) constitutes the entire agreement among the Parties and supersedes all prior agreements and understandings, oral and written among the Parties with respect to the subject matter hereof.

(gg) Exhibit A of the Agreement shall be deleted in its entirety and replaced with the form of Certificate of Merger attached to this Amendment as Exhibit A.

2.2. Except as amended hereby, the Parties ratify and confirm the terms of the Agreement.

3. COUNTERPARTS

3.1. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

NCR CORPORATION

By: /s/ Paul H. Thurman

Paul H. Thurman
Vice President, Business Development, Quality and Support

NCR MERGER SUB PARENT, INC.

By: /s/ Paul H. Thurman

Paul H. Thurman
Vice President

NCR MERGER SUB INC.

By: /s/ Paul H. Thurman

Paul H. Thurman
Vice President

4FRONT TECHNOLOGIES, INC.

By: /s/ Anil J. Doshi

Anil J. Doshi
Chairman and Chief Executive Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FOR NCR CORPORATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AT SEPTEMBER 30, 2000 AND THE CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

9-MOS
DEC-31-2000
JAN-01-2000
SEP-30-2000
482
139
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311
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