

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: January 20, 1999

NCR CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

001-00395
(COMMISSION
FILE NUMBER)

31-0387920
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

1700 S. PATTERSON BLVD., DAYTON, OH 45479
(937) 445-5000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

Item 5. Other Events

The Registrant's news release dated January 20, 1999, with respect to its financial results for the quarter ended December 31, 1998, including condensed consolidated balance sheets as of December 31, 1998, and condensed consolidated statements of operations, consolidated revenue summary, and condensed consolidated statements of cash flows for the three and twelve month periods ended December 31, 1998, is attached and incorporated herein by reference.

Pursuant to the requirements 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: January 28, 1999

By: /s/ David Bearman

David Bearman, Senior
Vice President and Chief
Financial Officer

News Release

For further media information:

For investor information:

Anthony A. Sprauve
937-445-2311 (office)
937-223-1166 (home)
888-519-7495

Sajid Malhotra
937-445-8253 (office)

For Release on Wednesday January 20, 1999

NCR Reports Substantial Fourth-Quarter and Full Year Profit;

Quarterly Revenue Improves Four Percent: The First Increase Since 1995
Fourth Quarter Earnings per Share at \$0.77, Excluding One-time Items

DAYTON, Ohio -- Completing a breakthrough year for profitability, NCR Corporation today reported fourth-quarter net income of \$49 million, or \$0.49 per diluted share, compared to \$36 million, or \$0.35 per diluted share, in the comparable period last year. Fourth quarter results included a \$50 million one-time charge related to employment reduction in Japan. Without the charge, fourth-quarter net income would have been \$77 million or \$0.77 per share on a basic and diluted basis. Full-year net income jumped to \$122 million, or \$1.20 per diluted share from \$7 million or \$0.07 per share a year ago.

The company reported \$2.067 billion in revenue for the quarter, a 4 percent increase from last year. This is the first revenue growth versus the prior year quarter in thirteen quarters. Revenue was down 1 percent for the year, but up 1 percent on a constant currency basis.

Gross margins in the quarter increased 2.2 percentage points over last year's fourth quarter from 28.5 percent to 30.7 percent and 1.2 percentage points for the year from 28.4 percent to 29.6 percent.

"I am very pleased by these results. They show that our strategy is working and that the tough decisions we made a year ago are paying off," said NCR Chairman and CEO Lars Nyberg. "It has been a breakthrough year in terms of profitability and sales mix changes from commodity hardware to solutions and professional services. We still have work to do, but I am encouraged and optimistic about the future."

- more -

Fourth Quarter Results

Orders

Total NCR orders were down 10 percent compared to last year. Excluding the 40 percent decline in other computers, orders were up 2 percent. Over the last two years, NCR has intentionally de-emphasized selling commodity hardware in favor of solutions sales.

Revenue

Worldwide revenue increased 4 percent on a dollar reported basis and was up 2 percent on a local currency basis. Revenue was up 9 percent without the impact of a 20 percent decline in the sales of other computers. Retail Products led the gains with a 38 percent revenue increase. Other gainers were Financial Products up 9 percent, Professional Services up 9 percent, Customer Support Services up 8 percent and Systemedia up 9 percent. Enterprise Servers revenue was down 12 percent largely because of a \$20 million year-over-year drop in revenue from Japan and Asia/Pacific regions. By industry, revenues for Retail Industry were up 19 percent, Financial Industry revenues were up 3 percent, National Accounts revenue was down 2 percent and Systemedia revenue was up 9 percent.

Gross Margin

Total gross margin for NCR products and services increased 2.2 percentage points to 30.7 percent from 28.5 percent in last year's fourth quarter. Products and systems gross margin increased 2.8 percentage points of revenue, while services gross margin increased 1.9 percentage points of revenue.

Expenses

In the quarter, selling, general and administrative expenses were \$25 million lower than a year ago, at 19.6 percent of revenue, or \$405 million, compared to 21.6 percent of revenue, or \$430 million, in the related prior period. Research and development expenses were \$100 million versus \$103 million, last year.

Other Expenses

In the quarter, NCR recorded a one-time pension charge of \$50 million related to the reduction of 1,000 employees in Japan.

Income Taxes

Income tax expense in the quarter was \$30 million, bringing the annual effective tax rate to 42.5 percent. In the year ago quarter, NCR recorded an \$11 million tax expense.

Full-Year Results

For the full-year, NCR reported net income of \$122 million or \$1.20 per diluted share, compared to \$7 million or \$0.07 per share in 1997. Revenue for the year was \$6.505 billion, a one percent decline from the \$6.589 billion reported in 1997.

Gross margins increased by 1.2 percentage points to 29.6 percent from 28.4 percent in the prior year period. Selling, general and administrative expenses improved by 1.2 percentage points and declined by \$96 million compared to the prior year.

Operating income, excluding the one-time pension charge related to workforce reduction in Japan, improved to a profit of \$152 million from a loss of \$19 million in 1997. The tax rate declined to 42.5 percent from 74.1 percent, a year ago. Net income for 1998 was \$122 million or \$1.20 per diluted share compared to \$7 million or \$0.07 per diluted share in 1997. Excluding the two one-time items (the sale of Top-End in the second quarter and the one-time charge related to workforce reduction in the fourth quarter), net income rose to \$119 million, or \$1.17 per diluted share.

NCR ended the year in a strong financial position with \$514 million in cash and short-term investments. This was down from \$1.129 billion at the end of 1997, largely due to the purchase of the minority interest in NCR's Japanese subsidiary and a \$200 million stock repurchase. During the year the company spent \$200 million to repurchase 6.3 million shares of NCR stock and \$274 million to raise its ownership of NCR Japan to over 97 percent from 70 percent. At December 31, 1998, NCR had debt of only \$83 million and total shareholders' equity of \$1.447 billion.

For 1999, NCR expects to continue showing revenue growth, further gross margin improvement, continuing expense discipline and a further reduction in the tax rate.

As of December 31, 1998, NCR employed 33,100 people worldwide, including contractors, a decline of 5,200 people from a year ago.

NCR Corporation (NYSE: NCR) is in the business of transforming transactions into relationships. NCR is a recognized world leader in data warehousing solutions, ATMs, point-of-sale, high performance scanners, and support services for retail, financial and national accounts markets. NCR's business solutions are built on the foundation of the company's long-established industry knowledge and consulting expertise, value-adding software, global customer support services, a complete line of consumable and media products, and world-leading hardware technology. More information about NCR and its products may be found on the World Wide Web at: <http://www.ncr.com>.

Financial Information

Detailed financial information regarding NCR's fourth quarter and year-end results is available on the Internet: <http://www.ncr.com>. Lars Nyberg, NCR's Chairman and CEO, David Bearman, Senior Vice President and Chief Financial Officer, will discuss the company's financial performance in a taped broadcast.

Access is available beginning at 11:30 A.M. (EDT) today continuing until 5:00 P.M. (EDT) on January 22, 1999. The broadcast can be accessed by calling (402) 220-5185.

NOTE TO INVESTORS:

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions, and future financial performance. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially. In addition to the factors discussed in this release, other risks and uncertainties include the timely development, production or acquisition, and market acceptance of new and existing products and services; shifts in market demands; continued competitive factors and pricing pressures; short product-cycles and rapidly changing technologies; turnover of workforce and the ability to attract and retain skilled employees; tax rates; impact of Year 2000; general economic and business conditions; and other factors detailed from time to time in the company's Securities and Exchange Commission reports and the company's annual reports to stockholders.

The company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NCR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	1998	1997	1998	1997
Revenues				
Products	\$1,206	\$1,195	\$3,577	\$3,709
Services	861	797	2,928	2,880
	-----	-----	-----	-----
Total Revenues	2,067	1,992	6,505	6,589
Cost of products	777	803	2,362	2,528
Cost of services	655	622	2,221	2,187
	-----	-----	-----	-----
Gross Margin	635	567	1,922	1,874
% of Revenue	30.7%	28.5%	29.6%	28.4%
	-----	-----	-----	-----
Selling, general and administrative expenses	405	430	1,414	1,510
Research and development expenses	100	103	356	383
One-time charge - Japan pension settlement	50	-	50	-
Total Expenses	555	533	1,820	1,893
% of Revenue	26.9%	26.8%	28.0%	28.7%
Income (Loss) from Operations	80	34	102	(19)
% of Revenue	3.9%	1.7%	1.6%	-0.3%
Interest expense	4	5	13	15
Other (income) expense, net	(2)	(18)	(68)	(61)
Non-recurring gain from asset disposition	-	-	(55)	-
	-----	-----	-----	-----
Income Before Income Taxes	78	47	212	27
% of Revenue	3.8%	2.4%	3.3%	0.4%
Income tax expense	30	11	90	20
	-----	-----	-----	-----
Net Income	\$ 49	\$ 36	\$ 122	\$ 7
% of Revenue	2.4%	1.8%	1.9%	0.1%
	=====	=====	=====	=====
Net Income per Common Share				
Basic	\$ 0.50	\$ 0.35	\$ 1.21	\$ 0.07
Diluted	\$ 0.49	\$ 0.35	\$ 1.20	\$ 0.07
Weighted Average Common Shares Outstanding				
Basic	98.2	103.0	101.0	102.0
Diluted	99.8	103.0	102.1	102.0
Excluding one-time charge and non-recurring gain:				
Income (Loss) from Operations	\$ 130	\$ 34	\$ 152	\$ (19)
Net Income	\$ 77	\$ 36	\$ 119	\$ 7
Net Income per Common Share (Diluted)	\$ 0.77	\$ 0.35	\$ 1.17	\$ 0.07

Certain prior year amounts have been reclassified to conform to the 1998 presentation.

NCR CORPORATION
CONSOLIDATED REVENUE SUMMARY
(in millions)

For the Periods Ended December 31

Three Months		Twelve Months	
1998	1997	1998	1997

By Product Line

Retail Products	\$ 194	\$ 140	\$ 509	\$ 474
Financial Products	427	390	1,146	1,069
Enterprise Servers	111	125	411	420
Other Computer	297	373	948	1,170
Systemedia	157	144	514	510
Customer Support Services	615	571	2,182	2,142
Professional Services	215	199	631	628
Other Products & Services	51	50	164	176
	-----	-----	-----	-----
Total Revenues	\$2,067	\$1,992	\$6,505	\$6,589
	=====	=====	=====	=====

For the Periods Ended December 31

Three Months		Twelve Months	
1998	1997	1998	1997

By Industry/Customer Served

Retail Industry	\$ 477	\$ 401	\$1,449	\$1,373
Financial Industry	934	903	2,886	2,845
National Accounts Solutions Group	466	477	1,498	1,562
Systemedia	157	144	514	510
Other	33	67	158	299
	-----	-----	-----	-----
Total Revenues	\$2,067	\$1,992	\$6,505	\$6,589
	=====	=====	=====	=====

Certain prior year amounts have been reclassified to conform to the 1998 presentation.

NCR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	December 31 1998 -----	December 31 1997 -----
Assets		
Current assets		
Cash and short-term investments	\$ 514	\$1,129
Accounts receivable, net	1,556	1,471
Inventories	384	489
Other current assets	178	196
	-----	-----
Total Current Assets	2,632	3,285
Property, plant and equipment, net	1,104	1,106
Other assets	1,156	985
	-----	-----
Total Assets	\$4,892 =====	\$5,376 =====
 Liabilities and Shareholders' Equity		
Current liabilities		
Short-term borrowings	\$ 50	\$ 59
Accounts payable	376	378
Other current liabilities	1,274	1,541
	-----	-----
Total Current Liabilities	1,700	1,978
Long-term debt	33	35
Other long-term liabilities	1,712	2,010
	-----	-----
Total Liabilities	3,445	4,023
Total Shareholders' Equity	1,447	1,353
	-----	-----
Total Liabilities and Shareholders' Equity	\$4,892 =====	\$5,376 =====

Certain prior year amounts have been reclassified to conform to the 1998 presentation.

NCR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	For the Periods Ended December 30			
	Three Months		Twelve Months	
	1998	1997	1998	1997
Operating Activities				
Net income	\$ 49	\$ 36	\$ 122	\$ 7
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	90	105	364	383
Net gain on sales of assets	8	-	(47)	4
Restructuring and other charges	50	-	50	-
Deferred income taxes	54	21	54	13
Changes in operating assets and liabilities:				
Receivables	(79)	(108)	(85)	(14)
Inventories	71	51	15	(50)
Other	(173)	119	(530)	(95)
Net Cash Provided by (Used in) Operating Activities	70	224	(57)	248
Investing Activities				
Short-term investments, net	67	11	217	(203)
Expenditures for service parts and property, plant, and equipment	(124)	(94)	(367)	(309)
Acquisition of minority interest in subsidiary	(3)	-	(274)	-
Proceeds from sales of facilities and other assets	11	-	183	-
Other investing activities	7	(21)	33	(12)
Net Cash Provided by (Used in) Investing Activities	(42)	(104)	(208)	(524)
Financing Activities				
Treasury stock acquired	-	-	(200)	-
Short-term borrowings, net	(25)	(10)	(9)	31
Long-term debt, net	-	(1)	(2)	(13)
Other financing activities	13	15	57	44
Net Cash Provided by (Used in) Financing Activities	(12)	4	(154)	62
Effect of exchange rate changes on cash and cash equivalents	29	(11)	21	(63)
Increase (Decrease) in Cash and Cash Equivalents	45	113	(398)	(277)
Cash and Cash Equivalents at Beginning of Period	443	773	886	1,163
Cash and Cash Equivalents at End of Period	\$ 488	\$ 886	\$ 488	\$ 886

Certain prior year amounts have been reclassified to conform to the 1998 presentation.