

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 June 30, 1999

Commission File Number 001-00395

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

Maryland
(State or other jurisdiction of
incorporation or organization)

31-0387920
(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 No

Number of shares of common stock, \$.01 par value per share, outstanding as of July 31, 1999 was 98,216,391.

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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 June 30		Six Months Ended June 30	
	1999 ----	1998 ----	1999 ----	1998 ----
Revenue				
Products	\$ 852	\$ 868	\$ 1,517	\$ 1,543
Services	720	706	1,388	1,340
	-----	-----	-----	-----
Total Revenue	1,572	1,574	2,905	2,883
	-----	-----	-----	-----
Operating Expenses				
Cost of products	531	568	972	1,032
Cost of services	544	534	1,053	1,025
Selling, general and administrative expenses	352	358	663	665
Research and development expenses	84	91	164	172
	-----	-----	-----	-----
Total Operating Expenses	1,511	1,551	2,852	2,894
	-----	-----	-----	-----
Income (Loss) from Operations	61	23	53	(11)
Interest (expense)	(2)	(4)	(5)	(7)
Other income, net	15	73	31	110
Income Before Income Taxes	74	92	79	92
Income tax expense	28	44	30	44
	-----	-----	-----	-----
Net Income	\$ 46	\$ 48	\$ 49	\$ 48
	=====	=====	=====	=====
Net Income per Common Share				
Basic	\$.47	\$.47	\$.50	\$.47
Diluted	\$.45	\$.46	\$.48	\$.46
Weighted Average Common Shares Outstanding				
Basic	98.3	102.6	98.7	102.9
Diluted	102.1	104.1	102.5	104.0

See accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEETS
In millions, except per share amounts

	June 30 1999	December 31 1998
	----- (Unaudited)	-----
Assets		
Current assets		
Cash and short-term investments	\$ 576	\$ 514
Accounts receivable, net	1,354	1,556
Inventories	394	384
Other current assets	145	178
	-----	-----
Total Current Assets	2,469	2,632
Reworkable service parts, net	221	232
Property, plant and equipment, net	844	872
Other assets	1,186	1,156
	-----	-----
Total Assets	\$ 4,720	\$ 4,892
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term borrowings	\$ 78	\$ 50
Accounts payable	327	376
Payroll and benefits liabilities	260	303
Customers' deposits and deferred service revenue	401	352
Other current liabilities	587	619
	-----	-----
Total Current Liabilities	1,653	1,700
Long-term debt	32	33
Pension and indemnity liabilities	400	420
Postretirement and postemployment benefits liabilities	607	655
Other long-term liabilities	583	593
Minority interests	43	44
	-----	-----
Total Liabilities	3,318	3,445
	-----	-----
Commitments and contingencies		
Stockholders' Equity		
Preferred stock: par value \$.01 per share, 100.0 shares authorized, no shares issued or outstanding	-	-
Common stock: par value \$.01 per share, 500.0 shares authorized; 104.8 and 105.0 shares issued at June 30, 1999 and December 31, 1998, respectively; 97.4 and 98.7 shares outstanding at June 30, 1999 and December 31, 1998, respectively	1	1
Retained earnings and paid-in capital	1,420	1,429
Other	(19)	17
	-----	-----
Total Stockholders' Equity	1,402	1,447
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 4,720	\$ 4,892
	=====	=====

See accompanying notes.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
In millions

	Six Months Ended June 30	
	1999	1998
Operating Activities		
Net income	\$ 49	\$ 48
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	185	184
Net gain on sales of assets	(8)	(55)
Changes in operating assets and liabilities:		
Receivables	202	7
Inventories	(11)	(49)
Current payables	(80)	(71)
Deferred revenue and customer deposits	49	97
Timing of disbursements for employee severance and pension	(101)	(57)
Other assets and liabilities	(70)	(185)
Net Cash Provided by (Used in) Operating Activities	215	(81)
Investing Activities		
Short-term investments, net	(109)	66
Expenditures for service parts and property, plant and equipment	(170)	(160)
Acquisition of minority interest in subsidiary	-	(271)
Proceeds from sales of facilities and other assets	40	230
Other investing activities	(24)	(33)
Net Cash Used in Investing Activities	(263)	(168)
Financing Activities		
Purchase of Company common stock	(62)	(78)
Short-term borrowings, net	28	10
Long-term debt	-	(2)
Other financing activities	50	39
Net Cash Provided by (Used in) Financing Activities	16	(31)
Effect of exchange rate changes on cash and cash equivalents	(15)	(13)
Decrease in Cash and Cash Equivalents	(47)	(293)
Cash and Cash Equivalents at Beginning of Period	488	886
Cash and Cash Equivalents at End of Period	\$ 441	\$ 593

See accompanying notes.

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 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 1998 Annual Report to Stockholders, Form 10-K for the year ended December 31, 1998 and Form 10-Q for the quarter ended March 31, 1999.

Certain prior years amounts have been reclassified to conform to the 1999 presentation.

2. SUPPLEMENTAL FINANCIAL INFORMATION (in millions)

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Comprehensive Income				
Net income	\$ 46	\$ 48	\$ 49	\$ 48
Other comprehensive (loss) income, net of tax:				
Additional minimum pension liability and other	(1)	16	8	15
Currency translation adjustments	(26)	(33)	(45)	(40)
Total comprehensive income	\$ 19	\$ 31	\$ 12	\$ 23

	June 30 1999	December 31 1998
Cash and Short-Term Investments		
Cash and cash equivalents	\$ 441	\$ 488
Short-term investments	135	26
Total cash and short-term investments	\$ 576	\$ 514
Inventories		
Finished goods	\$ 334	\$ 324
Work in process and raw materials	60	60
Total inventories	\$ 394	\$ 384

3. SEGMENT INFORMATION

NCR assesses performance and allocates resources based principally on the customers served and the industries in which such customers operate. Accordingly, NCR categorizes its operations into four strategic segments: Retail, Financial, National Accounts and Systemedia.

The following tables present data for revenue and operating income by industry operating segments (in millions):

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Revenue				
Retail	\$ 408	\$ 354	\$ 731	\$ 622
Financial	647	696	1,205	1,256
National Accounts	381	365	681	673
Systemedia	119	128	232	238
All other segments	17	31	56	94
Consolidated revenue	\$ 1,572	\$ 1,574	\$ 2,905	\$ 2,883

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Operating Income				
Retail	\$ 45	\$ 10	\$ 55	\$ (3)
Financial	72	58	110	93
National Accounts	38	21	44	10
Systemedia	8	10	17	19
Unallocated corporate expenses and other segments	(102)	(76)	(173)	(130)
Consolidated operating income	\$ 61	\$ 23	\$ 53	\$ (11)

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 June 30, 1999 cannot currently be determined.

Environmental Matters

NCR's facilities and operations are subject to a wide range of environmental protection laws and 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. 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 and \$721 million depending on the alternative selected. NCR, in conjunction with the other PRPs, has developed a substantial body of evidence which 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 manage properly 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 the 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.

Legal Proceedings

NCR was named as one of the defendants in a purported class-action suit filed in November 1996 in Florida alleging liability based on state antitrust and common-law claims of unlawful restraints of trade, monopolization, and unfair business practices related to a purported agreement between Siemens-Nixdorf and NCR. In January 1999, NCR agreed to settle this suit with plaintiffs for an undisclosed and non-material amount. This settlement is expected to be approved by the court in the near future.

5. STOCK REPURCHASE PROGRAM

As of June 30, 1999, the Company has committed \$106 million of \$250 million authorized for share repurchases. As a result of the reverse/forward stock split initiative, approximately 2.4 million shares were repurchased at a cost of \$42.30 per share. An additional 120,000 shares were repurchased on the open market, at a cost of \$38.88 per share. Both of these stock repurchase programs are pursuant to the share repurchase program authorized by the Board of Directors on April 15, 1999.

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.

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

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998

Results of Operations

Revenue: Revenue for the three months ended June 30, 1999 was \$1,572 million, essentially flat from the second quarter of 1998. Foreign currency exchange rates had no material impact on revenue compared with the second quarter of 1998.

Product revenue decreased 2% to \$852 million in the second quarter of 1999 compared to the second quarter of 1998. Revenue gains in the quarter occurred in Retail products at 29% and Enterprise Servers at 26% offset in part by anticipated revenue declines in Other Computer products at 29%. The downward pressure on revenue is expected to continue within Other Computer products. The Other Computer product group includes many products that NCR once sold in volume, but now sells largely as a solution component. In addition, Financial products and Systemedia revenues were down slightly in the quarter. Services revenue increased 2% to \$720 million in the second quarter of 1999 compared to the second quarter of 1998, due to revenue gains in both Customer Support Services and Professional Services.

Revenue in the second quarter of 1999 compared with the second quarter of 1998 increased 4% in the Americas and 22% in the Asia Pacific region, excluding Japan, with a decrease of 17% in Japan and 3% in Europe/Middle East/Africa. The revenue declines experienced in Japan reflect market challenges in that area as well as NCR's decision to exit the Super ATM business in Japan. NCR continues to take steps to strengthen its operations in Japan including changes in management, and expects improvements in future operating results. When adjusted for the impact of changes in foreign currency exchange rates, revenue on a local currency basis increased 1% in Europe/Middle East/Africa, 19% in the Asia Pacific region, excluding Japan, and decreased 26% in Japan. The Americas region comprised 54% of NCR's total revenue in the second quarter of 1999, Europe/Middle East/Africa region comprised 30%, Japan comprised 9% and the Asia Pacific region, excluding Japan, comprised 7%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue increased 1.6 percentage points to 31.6% in the second quarter of 1999 from 30.0% in the second quarter of 1998. Products gross margin increased 3.1 percentage points to 37.7% in the second quarter of 1999. This increase is attributable to improved product mix and margin rate improvement in most product lines. Services gross margin remained unchanged at 24.4% in the second quarter of 1999.

Selling, general and administrative expenses decreased \$6 million, or 2%, in the second quarter of 1999 from the second quarter of 1998. As a percentage of revenue, selling, general and administrative expenses were 22.4% in the second quarter of 1999 and 22.7% in the second quarter of 1998. Research and development expenses decreased \$7 million to \$84 million in the second quarter of 1999. As a percentage of revenue, research and development expenses were 5.3% in the second quarter of 1999 versus 5.8% in the second quarter of 1998. The second quarter research and development expenses continue to reflect the changing revenue base, and the investment continues to move toward software and solutions development efforts, with less emphasis on hardware, operating systems and middleware. While total R&D spending declined in the quarter, continued year over year declines are not expected.

Income Before Income Taxes: NCR reported operating income of \$61 million in the second quarter of 1999 compared to operating income of \$23 million in the second quarter of 1998. Other income, net of expenses, was \$13 million in the second quarter of 1999 compared to \$69 million in the second quarter of 1998. Other income in 1998 includes a non-recurring gain of \$55 million on the sale of NCR's TOPEND(R) ("TOPEND") middleware technology and product family to BEA Systems, Inc. ("BEA"). Income before income taxes was \$74 million in the second quarter of 1999 compared to \$92 million in the second quarter of 1998.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates. The provision for income taxes was \$28 million in the second quarter of 1999 compared to \$44 million in the second quarter of 1998. The second quarter 1999 tax provision compared to the 1998 periods reflects a return to more normalized tax rate levels. The normalization of tax rates is primarily due to improved profitability in certain tax jurisdictions, mainly the United States.

Results of Operations

Revenue: Revenue for the six months ended June 30, 1999 was \$2,905 million, an increase of 1% from the first six months of 1998. When adjusted for the impact of changes in currency exchange rates, revenue was flat compared with the first six months of 1998.

Product revenue decreased 2% to \$1,517 million in the first six months of 1999 compared to the same period of 1998. Revenue gains in the first six months of 1999 in Retail products of 36% were partly offset by anticipated revenue declines in Other Computer products of 22%. The Other Computer product group includes many products that NCR once sold in volume, but now sells largely as a solution component. In addition, Enterprise Servers, Customer Services and Professional Services recorded revenue growth in the first six months of 1999 between 2% and 9%. Financial products were flat in the first six months of 1999 while Systemedia decreased slightly compared to the first six months of 1998. Services revenue increased 4% to \$1,388 million in the first six months of 1999 compared to the same period of 1998, due to revenue gains in both Customer Support Services and Professional Services.

Revenue in the first six months of 1999 compared with the first six months of 1998 increased 4% in the Americas, 1% in Europe/Middle East/Africa and 13% in the Asia Pacific region, excluding Japan, with a decrease of 16% in Japan. The revenue declines experienced in Japan reflect market challenges in that area as well as NCR's decision to exit the Super ATM business in Japan. When adjusted for the impact of changes in foreign currency exchange rates, revenue on a local currency basis increased 2% in Europe/Middle East/Africa, 11% in the Asia Pacific region, excluding Japan, and decreased 24% in Japan. The Americas region comprised 53% of NCR's total revenue in the first six months of 1999, Europe/Middle East/Africa region comprised 31%, Japan comprised 9% and the Asia Pacific region, excluding Japan, comprised 7%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue increased 1.6 percentage points to 30.3% in the first six months of 1999 from 28.7% in the same period of 1998. Products gross margin increased 2.8 points to 35.9% in the first six months of 1999. This increase is attributable to improved product mix and margin rate improvement in most product lines. Services gross margin increased 0.6 points to 24.1% in the first six months of 1999 due primarily to improvements in customer support and professional services margins.

Selling, general and administrative expenses decreased \$2 million in the first six months of 1999 from the first six months of 1998. As a percentage of revenue, selling, general and administrative expenses were 22.8% in the first six months of 1999 and 23.1% in the first six months of 1998. Research and development expenses decreased \$8 million to \$164 million in the first six months of 1999. As a percentage of revenue, research and development expenses were 5.6% in the first six months of 1999 versus 6.0% in the first six months of 1998. The trend in research and development expenses continues to reflect the changing revenue base.

Income Before Income Taxes: NCR reported operating income of \$53 million in the first six months of 1999 compared to an operating loss of \$11 million in the same period of 1998. Other income, net of expenses, was \$26 million in the first six months of 1999 compared to \$103 million in the first six months of 1998. Other income in 1998 includes a non-recurring gain of \$55 million on the sale of TOPEND to BEA. Other declines year over year are due to reductions in interest income, attributable to lower average short term investment balances, and 1998 foreign exchange contract gains that did not recur in 1999. Income before income taxes was \$79 million in the first six months of 1999 compared to \$92 million in the same period of 1998.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates. The provision for income taxes was \$30 million in the first six months of 1999 compared to \$44 million in the first six months of 1998. The first six months 1999 tax provision compared to the 1998 periods primarily reflects a return to more normalized tax rate levels. The normalization of tax rates is primarily due to improved profitability in certain tax jurisdictions, mainly the United States.

Financial Condition, Liquidity, and Capital Resources

NCR's cash, cash equivalents, and short-term investments totaled \$576 million at June 30, 1999, compared to \$514 million at December 31, 1998.

Operating Activities: NCR generated cash flows from operations of \$215 million in the first six months of 1999 while net cash flows used in operations were \$81 million in the first six months of 1998. The cash generated in operations in the first six months of 1999 was driven primarily by improved asset management. Receivable balances decreased \$202 million in the first six months of 1999 compared to a decrease of \$7 million in the same period in 1998. The improvement in 1999 reflects a strong focus on collections. Inventory balances increased \$11 million in the first six months of 1999 compared to an increase of \$49 million in the first six months of 1998. 1998 operating activities included a \$55 million gain in the sale of TOPEND to BEA.

Investing Activities: Net cash flows used in investing activities were \$263 million in the first six months of 1999 and \$168 million in the same period of 1998. In 1999, NCR purchased short-term investments of \$109 million compared with an investment reduction of \$66 million in 1998. The increase in 1999 reflects the improvement in operating results. Capital expenditures were \$170 million for the first six months of 1999 and \$160 million for the comparable period in 1998. Capital expenditures generally relate to Expenditures for reworkable parts used to service customer equipment, expenditures for equipment and facilities used in manufacturing and research and development, and expenditures for facilities to support sales and marketing activities. 1998 proceeds from the sale of facilities and other assets includes the sale of NCR's TOP END middleware technology to BEA and the sale of NCR's retail and computer systems manufacturing operations to Solectron Corp. ("Solectron").

Financing Activities: Net cash provided by financing activities was \$16 million in the first six months of 1999 and net cash used for financing was \$31 million in the first six months of 1998. As of June 30, 1999, \$62 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; \$78 million of cash was used in the same period of 1998 to repurchase Company stock. In the first six months of 1999, NCR reported cash flows of \$50 million from other financing activities compared to \$39 million in the same period of 1998. Other financing cash flows primarily relate to share activity under NCR's employee stock purchase plan.

NCR believes that cash flows from operations, the credit facility, and other short- and long-term financings, if any, will be sufficient to satisfy its future working capital, research and development, capital expenditure, and other financing requirements for the foreseeable future.

Factors That May Affect Future Results

Year 2000
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Please note that the following is a Year 2000 Readiness Disclosure, as that term is defined in the Year 2000 Information and Readiness Disclosure Act (105 P.L.271).

Year 2000 issues concern the inability of certain computerized information systems to properly process date-sensitive information as the year 2000 approaches. Systems that do not process such information may require modification or replacement prior to the year 2000. NCR accords a significant priority to Year 2000 issues, and in early 1996 established a task force to coordinate its global efforts to develop and implement its plans to address such issues.

NCR's Year 2000 plans include, without limitation: (1) replacing or upgrading NCR's affected internal information technology (IT) systems and non-IT systems (those which include embedded microprocessors such as security systems or factory production equipment), (2) developing Year 2000 Qualified products as part of its offerings to customers, (3) designating products that will not be rendered Year 2000 Qualified, (4) making Year 2000 upgrades available for certain products and (5) identifying options for customers to migrate from non-Qualified products to Year 2000 Qualified products. "Year 2000 Qualification" means that a particular NCR product has been reviewed to confirm that it stores, processes (including sorting and performing mathematical operations), inputs and outputs data containing date information correctly, regardless of whether the data contains dates before, on, or after January 1, 2000. NCR products that do not perform date manipulation, and that do not alter any date information that flows through them, are also considered Year 2000 Qualified.

State of Readiness: In assessing the Year 2000 readiness of its products, IT systems and non-IT systems, the Company employs a process consisting of five phases: (1) inventory; (2) assessment; (3) remediation; (4) testing; and (5) deployment (including making Year 2000 Qualified products available to customers and, for the Company's internal systems, replacing or modifying designated IT and non-IT systems).

The Company has completed inventory, assessment, remediation and testing of all of the products it presently develops and provides to customers. Installation of Year 2000 Qualified products at customer sites is largely dependent upon, among other things, the customers' schedules, the availability of personnel for installations and the presence or absence of Year 2000 plans on the customers' part. NCR expects that installation of Year 2000 Qualified products or upgrades will continue to take place at customer sites throughout 1999. Many such installations occurred in 1998. NCR is encouraging its customers to plan such installations promptly, because if a large number of customers delay their plans until late in the year, the demand for installation and related services may exceed their availability. NCR has designated the Year 2000 Qualification status of several thousand of its current and former products, and has made that directly available to past and present customers through links on its Year 2000 website. Through that website, direct contacts to customers with formal account teams assigned to them, its "800" call center, mailings to customers, and other means, NCR has sought to convey information on the status of its products, to advise on the availability or discontinuation of maintenance services for older products, and to provide information on upgrades or migration paths. There can be no assurance, however, that all owners of NCR products, particularly if they

are not current maintenance customers, or otherwise have no current NCR relationship, can be identified or contacted.

The Company previously offered highly specialized products specifically targeted for niche markets, often unique to a single country ('local products'). The Company has completed its assessment of these local products, typically sold prior to 1995 under the Company's previous business model, and has determined that the majority of them are not Year 2000 Qualified. Where practical, NCR is communicating with purchasers of these products and is offering to assist them in identifying replacement NCR products, if available.

The Company has completed its inventory, assessment, remediation and testing of the Year 2000 issues associated with its critical global IT systems (e.g., manufacturing, financial management, incident management, payroll and statutory, and order processing systems). At the end of the second quarter of 1999, deployment (including retirement of legacy systems) was complete for approximately 89% of these critical IT systems, which are supported by the Company's Information Technology Services group, with the balance of those systems expected to be completed in the third quarter of 1999. The Company has also completed its inventory, assessment, remediation and testing of Year 2000 issues associated with its non-critical global internal information systems supported by the Information Technology Services group, and deployment (including retirement of legacy systems) was complete for approximately 92% of such systems as of the end of the second quarter of 1999. Other, typically localized IT systems, applications or tools are directly supported by various business units of the Company around the world; most of these are characterized as non-critical to the locations and business units that utilize them, and none are categorized as critical to the Company and its subsidiaries taken as a whole. The Company's Year 2000 analysis and related deployment for these systems, applications and tools was substantially complete at the end of the second quarter of 1999, with the remainder of such activities expected to be completed in the third and fourth quarters of 1999. In addition, the Company has completed its inventory and assessment of the Year 2000 issues associated with its non-IT systems, including telecommunication equipment, security systems and embedded microprocessors, at its manufacturing, distribution and office facilities around the world. The Company did not identify any significant business impact as a result of Year 2000 issues in connection with such systems.

NCR has requested information from substantially all of its key suppliers concerning their Year 2000 readiness to assess the suppliers' ability to continue to deliver products and services to NCR, as well as the Year 2000 readiness of those products and services themselves. Suppliers are categorized as critical (meaning their failure to deliver products or services could have a critical impact on some phase or phases of NCR's business) or non-critical (typically designating a supplier that is NCR's primary source of a significant product or service, but for which one or more alternate sources also exist). At this time, approximately 240 and 550 suppliers are identified in those respective categories (other suppliers, such as those utilized on a spot basis, in very low volume, or for generic commodity purchases not critical to the Company's business, are excluded). NCR has conducted reviews and completed its initial assessment of its critical suppliers in accordance with its Year 2000 Qualification guidelines. All of the critical suppliers that the Company has assessed either have completed their Year 2000 internal compliance activities or have presented plans or statements that, at present, meet NCR's expectations. NCR will continue to monitor these suppliers and expects to be prepared to implement prepared contingency plans should the Company determine that any of its critical suppliers will not complete their plans on schedule. In addition, NCR continues to assess its non-critical suppliers. As of the end of the second quarter of 1999, NCR had assessed approximately 95% of its non-critical suppliers. The Company expects that its assessment of the remaining non-critical suppliers will be completed during the third quarter of 1999. New suppliers are also evaluated for Year 2000 readiness.

NCR's assessment of its suppliers is dependent upon its ability to obtain accurate and complete information from them, and on their willingness to provide such information. Moreover, there can be no assurances that all of NCR's suppliers, including its critical suppliers, will be able to effectively achieve Year 2000 readiness. NCR has developed contingency plans to address such situations with respect to both its critical and non-critical suppliers. The Company relies on Solectron to provide essential hardware components of NCR's product offerings. Any major Year 2000 failures by Solectron or any other critical suppliers could materially and adversely impact the Company. Because of Solectron's particular significance to the Company's manufacturing operations, NCR has conducted multiple on-site reviews of Solectron's facilities to ascertain the status of those facilities' Year 2000 readiness. No material Year 2000 issues have been identified in those reviews. Solectron facilities, including all those utilized by NCR, were also subject to an external audit for Year 2000 readiness arranged for by Solectron.

NCR believes that no single customer represents so significant a portion of the Company's revenues that failure on the part of such a customer to plan effectively for Year 2000 would materially impact NCR's consolidated results of operations, financial condition or cash flows. In addition, NCR believes that the diversity of its customer base should minimize the potential financial impact of such an event. Some commentators have predicted that information technology buying trends could be reduced due to Year 2000 issues. While some NCR customers have postponed or have indicated that they may postpone purchasing decisions in order to stabilize their information technology systems to facilitate Year 2000 testing and readiness, others have indicated that Year 2000 readiness should not affect the timing of their purchases, and some have made new purchases to enhance their Year 2000 readiness. The impact of such buying patterns on NCR's financial results is difficult to quantify and may affect the

Company's revenue, consolidated results of operations, financial condition or cash flows in upcoming quarters.

Costs to Address Year 2000 Issues: Due to a number of factors, it is difficult to calculate the total cost of addressing the Company's Year 2000 issues with precision. These factors include, without limitation, the large number of NCR employees and contractors devoting a portion of their time and efforts to Year 2000 issues, and the inability to separately identify Year 2000 costs due to the concurrent remediation of both Year 2000 and non-Year 2000 issues associated with NCR's products, IT systems and non-IT systems. The Company estimates the total cost to address its Year 2000 issues, including costs already incurred in 1997 and 1998, to be approximately \$205 million. These costs include (1) in connection with the products offered by the Company, personnel expenses, product upgrades, and other modifications, including the replacement of legacy systems, and (2) in connection with the

Company's infrastructure, the internal IT and non-IT systems being addressed in the Company's Year 2000 plans as discussed above. Approximately \$85 million of such total costs were incurred in fiscal 1998; the Company estimates it incurred approximately \$20 million of such costs in 1997. NCR intends to capitalize or expense its Year 2000 costs as required by generally accepted accounting principles. In addition, the Company expects to fund these costs through operating cash flows. Because these Year 2000 costs will be funded through a reallocation of NCR's overall research and development, information technology and administrative spending, Year 2000 costs are not expected to result in significant increases in such expenditures. These cost estimates do not include potential increased service, customer satisfaction, warranty or litigation costs that may arise from Year 2000 issues affecting the Company's products or from unanticipated failures of the Company's IT and non-IT systems, nor do they include any increased costs, such as those associated with execution of contingency plans, that may result from supplier or customer disruptions related to a lack of readiness for Year 2000 issues. Although NCR believes its cost estimates are reasonable, there can be no assurance, for the reasons stated below, that the costs of implementing the Company's Year 2000 plans will not differ materially from its estimates.

Risks of Year 2000 Issues: Year 2000 problems can be difficult to identify or predict for a number of reasons. These include, among others, the complexity of testing (whether by NCR or by a customer) inter-connected products, operating environments, networks and applications, including those developed and/or sold by third parties; the difficulty of simulating and testing for all possible variables and outcomes associated with critical dates in 1999 and 2000; and the reliability of test results obtained in a laboratory environment against actual occurrences in a live production environment. As a result of such difficulties and the risks described below, there can be no assurances that Year 2000 issues will not materially adversely impact NCR's consolidated results of operations, financial condition or cash flows.

Despite the Company's substantive Year 2000 plans and efforts, the Company could face significant risks associated with its business-critical operations, including, without limitation, the possible malfunction of NCR's IT and non-IT systems due to unidentified components or applications, undetected errors or defects, and the potential impacts of Year 2000 difficulties experienced by third parties (e.g., suppliers, customers, utilities, governmental units and financial institutions). In particular, risks associated with non-U.S. third parties may be greater than those located domestically, as it is widely reported that many non-U.S. businesses and governments are not addressing their Year 2000 issues on a timely basis.

In addition, despite the Company's Year 2000 Qualification and testing processes, NCR could face significant Year 2000 risks as a vendor of technology products and services. Such risks include, but are not limited to, the following uncertainties: NCR's products may contain undetected errors or defects associated with Year 2000 issues; NCR may be unable to identify and notify affected customers of local or other products that are not Year 2000 Qualified; installation schedules of Year 2000 Qualified products may be delayed; and demand for installation services may exceed the ability of NCR and other service providers to meet that demand. In addition, NCR has provided a range of services, including software code development, as contracted and specified by its customers. Typically, such services and products have been accepted by the customers and warranties for them have expired; however, there is some risk that customers will claim that NCR bears responsibility for Year 2000 issues involving their systems. The Company also has provided Year 2000 code remediation services to a small number of its customers. Some commentators have noted that the complexity of identifying and testing Year 2000 issues in connection with such services raises prospects of liability. NCR's contractual arrangements typically contain limited warranties and limitations on liability, but there can be no assurance that these limitations will be upheld in all instances. Any of these or other unforeseen Year 2000 risks could increase service, customer satisfaction, warranty and litigation costs. While no litigation has been initiated against NCR in connection with Year 2000 issues, suits have been brought against other technology vendors and such claims may be advanced against NCR in the future.

The anticipated costs and risks described above are based on management's best estimates using information currently available and numerous assumptions of future events. There can be no assurances that these estimates will not change or that there will not be delays in implementing the Company's Year 2000 plans. In addition, the continued availability of personnel to address Year 2000 issues cannot be assured, which could result in increased costs or delays in implementing NCR's Year 2000 plans.

Contingency Plans: NCR believes it has developed effective Year 2000 plans for the critical areas of its business. However, the Company recognizes that it is not possible to identify and test all potential variables and outcomes relative to Year 2000 issues. Accordingly, the Company has developed over 400 business continuity and contingency plans (BCCPs) for its critical processes. NCR's BCCPs address, among other things, the potential for Year 2000 failures of third parties, including suppliers. BCCPs have

also been developed for such areas as customer support services, services delivery, order management, help desks, incident-based services, manufacturing systems, accounting and payroll, networks and processing centers. These plans were completed in the second quarter of 1999. The Company is also, developing or updating, as the case may be complementary disaster recovery plans for approximately 86 a process expects to complete in the third quarter of 1999. Disaster recovery plans are not limited to Year 2000 concerns, and address potential failures of utilities or building services, as well as occurrences such as floods and fires. Both the BCCPs and the disaster recovery plans are expected to be adjusted and coordinated in the third and fourth quarters of 1999 as information and circumstances change.

Environmental - -----

The Company has 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 Consolidated Financial Statements on page 7 of this quarterly report and such discussion is incorporated in this Item 2 by reference and made a part hereof.

Forward Looking Statements - -----

This Management's Discussion and Analysis of Financial Condition and Results of Operations, and other sections of this Form 10-Q contain forward-looking statements that are based on current expectations, estimates and projections about the industry in which the Company operates, management's beliefs and assumptions made by management. Any Form 10-K, Annual Report to Shareholders, Form 10-Q or Form 8-K of the Company may include forward-looking statements. In addition, other written or oral statements, which constitute forward-looking statements, may be made by or on behalf of the Company. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Factors"), which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Factors include price and product/services competition by foreign and domestic competitors, including new entrants; the Company's ability to identify, complete and successfully integrate other businesses through mergers, acquisitions, joint ventures and other business combinations; the ability to identify and expand into new and emerging markets; the ability to continue to introduce competitive new products, services and solutions on a timely, cost effective basis; the ability to achieve and improve profitable gross margins through, among other things, a competitive mix of products/services; the achievement of lower costs and expenses; the pace of market growth for the Company's offerings, such as data warehousing; the Company's ability to execute its strategies for its offerings in various markets; management changes in Japan; protection and validity of patent and other intellectual property rights; reliance on third party and single source or exclusive suppliers, such as Solectron; reliance on alliances with companies that provide products and services that are integrated into NCR's solution offerings; the seasonal nature of the Company's business; risks of operating abroad; and the outcome of pending and future litigation and governmental proceedings, including those related to the environment, health and safety. These foregoing are representative, but do not constitute a complete list, of the Factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, NCR's performance in these markets, retention of personnel, general domestic and international political or economic conditions, including interest rate and currency exchange rate fluctuations, Euro changeover and other Factors.

For a further description of Factors that could cause actual results to differ materially from such forward-looking statements, see Footnote 4 of the Notes to Consolidated Financial Statements in Item 1 hereof, Item 3. Quantitative and Qualitative Disclosure About Market Risk, the discussion above captioned Year 2000 and also see the discussion of such Factors in Form 10-Q for the quarter ended March 31, 1999, the Company's Form 10-K for the Fiscal Year ended December 31, 1998 and in the Company's other securities filings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NCR is exposed to market risk, including changes in foreign currency exchange rates and interest rates. NCR uses a variety of measures to monitor and manage these risks, including derivative financial instruments. Because a substantial portion of NCR's operations and revenue occur outside the United States, NCR's results can be significantly impacted by changes in foreign currency exchange rates. To manage the exposures to changes in currency exchange rates, NCR enters into various derivative financial instruments such as forward contracts, swaps and options. These instruments generally mature within twelve months. At inception, the derivative instruments are designated as hedges of inventory purchases and sales and certain financing transactions that are firmly committed or forecasted. 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. NCR does not hold or enter into derivative financial instruments for trading purposes.

For purposes of specific risk analysis, NCR uses sensitivity analysis to determine the impacts that market risk exposures may have on the fair values of the Company's hedge portfolio. 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 underlying transaction. A 10% strengthening of the U.S. Dollar from levels present at June 30, 1999 results in an increase of 1 million U.S. Dollars to the current fair value of derivatives protecting anticipated exposures. A 10% weakening in U.S. Dollar exchange rates would increase the same fair value of derivatives by 16 million U.S. Dollars.

The interest rate risk associated with NCR's borrowing and investing activities at June 30, 1999 is not material in relation to NCR's consolidated financial position, results of operations or cash flows. NCR does not generally use derivative financial instruments to alter the interest rate characteristics of its 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 Consolidated Financial Statements on page 8 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 and Articles Supplementary of NCR Corporation, as amended May 14, 1999.
- 3.2 Bylaws of NCR Corporation, as amended and restated on February 19, 1998 (incorporated by reference to Exhibit 3.2 to the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1997).
- 4.1 Common Stock Certificate of NCR Corporation (incorporated by reference to Exhibit 4.1 to the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1996).
- 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 to the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1996).
- 10.1 Termination Agreement dated May 26, 1999.
- 27 Financial Data Schedule.

(b) Reports on Form 8-K

NCR filed a Current Report on Form 8-K dated May 17, 1999, reporting under Item 5 of such form the news release addressing NCR's cash out of record stockholders with small holdings.

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.

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: August 12, 1999

By: /s/ David Bearman

David Bearman, Senior Vice-President
and Chief Financial Officer

NCR CORPORATION

ARTICLES OF AMENDMENT

NCR CORPORATION, a Maryland corporation, having its principal office in Montgomery County, Maryland (which is hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The Corporation hereby effects a forward stock split by changing and reclassifying each 1 share of Common Stock, par value \$.01 per share, of the Corporation, which is issued and outstanding at 6:01 p.m. on the effective date of this amendment, into ten shares of such Common Stock, par value \$.01 per share.

SECOND: The amendment does not increase the authorized stock of the Corporation.

THIRD: The foregoing amendment to the Charter and increase in the stated capital of the Corporation has been advised by the Board of Directors and approved by the stockholders of the Corporation.

FOURTH: The foregoing amendment to the Charter will become effective at 6:01 p.m. on May 14, 1999.

IN WITNESS WHEREOF, NCR Corporation has caused these presents to be signed in its name and on its behalf by its Senior Vice President and General Counsel and witnessed by its Assistant Secretary on May 11, 1999.

WITNESS:

NCR CORPORATION

/s/ M. Louise Turilli

By: /s/ Jon S. Hoak

Assistant Secretary

Senior Vice President and General Counsel

THE UNDERSIGNED, Senior Vice President and General Counsel of NCR Corporation, who executed on behalf of the Corporation the foregoing Articles of Amendment of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Amendment to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Jon S. Hoak

Senior Vice President and General Counsel

NCR CORPORATION
ARTICLES OF AMENDMENT

NCR CORPORATION, a Maryland corporation, having its principal office in Montgomery County, Maryland (which is hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The Corporation hereby effects a reverse stock split by changing and reclassifying each 10 shares of Common Stock, par value \$.01 per share, of the Corporation, which is issued and outstanding at 6:00 p.m. on the effective date of this amendment, into one share of such Common Stock, par value \$.01 per share.

Fractional shares held by record stockholders who as a result of the reverse split hold less than one share will be converted into the right to receive the fair value of such fractional interests as determined by the Board of Directors of the Corporation.

SECOND: The amendment does not increase the authorized stock of the Corporation.

THIRD: The foregoing amendment to the Charter and reduction in the stated capital of the Corporation has been advised by the Board of Directors and approved by the stockholders of the Corporation.

FOURTH: The foregoing amendment to the Charter will become effective at 6:00 p.m. on May 14, 1999.

IN WITNESS WHEREOF, NCR Corporation has caused these presents to be signed in its name and on its behalf by its Senior Vice President and General Counsel and witnessed by its Assistant Secretary on May 11, 1999.

WITNESS:

NCR CORPORATION

/s/ M. Louise Turilli

Assistant Secretary

By: /s/ Jon S. Hoak

Senior Vice President and General Counsel

THE UNDERSIGNED, Senior Vice President and General Counsel of NCR Corporation, who executed on behalf of the Corporation the foregoing Articles of Amendment of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Amendment to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Jon S. Hoak

Senior Vice President and General Counsel

ARTICLES OF AMENDMENT AND RESTATEMENT

OF

NCR CORPORATION

NCR Corporation, a Maryland corporation having its principal business office in Dayton, Ohio, and its principal office in the City of Rockville, State of Maryland, desires to amend and restate its charter as currently in effect, and hereby certifies to the State Department of Assessment and Taxation of Maryland that:

FIRST: The Charter of the Corporation is hereby amended by:

Changing and reclassifying each of the shares of Common Stock (par value \$5.00 per share) of the Corporation which is issued as of the close of business on the effective date of this amendment into one share of Common Stock (par value \$.01 per share) and by transferring from the account designated "Common Stock" to the account designated "Capital Surplus" \$4.99 for each share of Common Stock issued immediately after the change and reclassification, or \$359,280,000 in the aggregate.

Changing and reclassifying the 72,000,000 shares of Common Stock (par value \$.01 per share) of the Corporation which are issued as of the close of business on the effective date of this amendment into 101,437,174.688 shares of Common Stock (par value \$.01 per share) and by transferring from the account designated "Capital Surplus" to the account designated "Common Stock" \$294,371.74688, such change and reclassification to be made as a 1.408849648444-for-one split of the issued shares and not as a stock dividend, and in connection therewith there shall be issued 29,437,174.688 additional shares of Common Stock (par value \$.01 per share).

SECOND: The following provisions are all of the provisions of the Charter currently in effect and as hereinafter amended:

ARTICLE I

Name

Section 1.1. The name of the Corporation (the "Corporation") is: NCR Corporation.

ARTICLE II

Principal Office, Registered Office, and Agent

Section 2.1. The address of the Corporation's principal office in the State of Maryland is 2 Choke Cherry Road, Rockville, Maryland 20815. The resident agent of the Corporation in the State of Maryland is Mallon Snyder. The address of the resident agent is 99 South Washington Street, Rockville, Maryland 20850. Such resident agent is a Maryland resident.

ARTICLE III

Purposes

Section 3.1. The purpose of the Corporation is to engage in any lawful act, activity or business for which corporations may be organized under the General Laws of the State of Maryland as now or hereafter in force. The Corporation shall have all the general powers granted by law to Maryland corporations and all other powers not inconsistent with law which are appropriate to promote and attain its purpose.

ARTICLE IV

Capital Stock

Section 4.1. The Corporation shall be authorized to issue 600,000,000 shares of capital stock, of which 500,000,000 shares shall be classified as "Common Stock", \$.01 par value per share ("Common Stock") (having an aggregate par value of \$5,000,000.00), and 100,000,000 shares shall be classified as "Preferred Stock", \$.01 par value per share ("Preferred Stock") (having an aggregate par value of \$1,000,000.00). The aggregate par value of all authorized shares is \$6,000,000.00. The Board of Directors may classify and reclassify any unissued shares of capital stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of stock.

Section 4.2. The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof. The holders of shares of Common Stock shall be entitled to one vote for each such share upon all proposals presented to the stockholders on which the holders of Common Stock are entitled to vote, except for proposals on which only the holders of another specified class or series of capital stock are entitled to vote. Subject to the provisions of law and any preference rights with respect to the payment of dividends attaching to the Preferred Stock or any series thereof, the holders of Common Stock shall be entitled to receive, as and when declared by the Board of Directors, dividends and other distributions authorized by the Board of Directors in accordance with Maryland General Corporation Law, as in effect from time to time (the "MGCL") and to all other rights of a stockholder pursuant thereto. Except as otherwise provided by law or in the Charter of the Corporation (including in any Articles Supplementary (as defined below)) (the "Charter"), the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote. In the event of a liquidation, dissolution or winding up of the Corporation or other distribution of the Corporation's assets among stockholders for the purpose of winding up the Corporation's affairs, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, privileges, conditions and restrictions attaching to the Preferred Stock or any series thereof, the Common Stock shall entitle the holders thereof, together with the holders of any other class of stock hereafter classified or reclassified not having a preference on distributions in the liquidation, dissolution or winding up of the Corporation or other distribution of the Corporation's assets among stockholders for the purpose of winding up the Corporation's affairs, whether voluntary or involuntary, to share ratably in the remaining net assets of the Corporation.

Section 4.3. The Preferred Stock may be issued from time to time in one or more series as authorized by the Board of Directors. The Board of Directors shall have the power from time to time to the maximum extent permitted by the MGCL to classify or reclassify, in one or more series, any unissued shares of Preferred Stock, and to reclassify any unissued shares of any series of Preferred Stock, in any such case, by setting or changing the number of shares constituting such series and the designation, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption of the stock. In any such event, the Corporation shall file for record with the State Department of Assessments and Taxation of Maryland (or other appropriate entity) articles supplementary in form and substance prescribed by the MGCL (each, an "Articles Supplementary"). Subject to the express terms of any series of Preferred Stock outstanding at the time, the Board of Directors may increase or decrease the number or alter the designation or classify or reclassify any unissued shares of a particular

series of Preferred Stock by fixing or altering in one or more respects, from time to time before issuing the shares, any terms, rights, restrictions and qualifications of the shares, including any preference, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of the shares of the series.

Section 4.4 Subject to the foregoing, the power of the Board of Directors to classify and reclassify any of the shares of capital stock shall include, without limitation, subject to the provisions of the Charter, authority to classify or reclassify any unissued shares of such stock into a class or classes of preferred stock, preference stock, special stock or other stock, and to divide and classify shares of any class into one or more series of such class, by determining, fixing or altering one or more of the following:

- (a) the designation of such class or series, which may be by distinguishing number, letter or title;
- (b) the number of shares of such class or series, which number the Board of Directors may thereafter (except where otherwise provided in the Articles Supplementary) increase or decrease (but not below the number of shares thereof then outstanding) and any shares of any class or series which have been redeemed, purchased, otherwise acquired or converted into shares of Common Stock or any other class or series shall become part of the authorized capital stock and be subject to classification and reclassification as provided in this Section;
- (c) whether dividends, if any, shall be cumulative or noncumulative, and, in the case of shares of any class or series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such class or series shall be cumulative;
- (d) the rate of any dividends (or method of determining such dividends) payable to the holders of the shares of such class or series, any conditions upon which such dividends shall be paid and the date or dates or the method for determining the date or dates upon which such dividends shall be payable, and whether any such dividends shall rank senior or junior to or on a parity with the dividends payable on any other class or series of stock;
- (e) the price or prices (or method of determining such price or prices) at which, the form of payment of such price or prices (which may be cash, property or rights, including securities of the same or another corporation or other entity) for which, the period or periods within which and the terms and conditions upon which the shares of such class or series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events, if any;
- (f) the obligation, if any, of the Corporation to purchase or redeem shares of such class or series pursuant to a sinking fund or otherwise and the price or prices at which, the form of payment of such price or prices (which may be cash, property or rights, including securities of the same or another corporation or other entity) for which, the period or periods within which and the terms and conditions upon which the shares of such class or series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;
- (g) the rights of the holders of shares of such class or series upon the liquidation, dissolution or winding up of the affairs of, or upon any distribution of the assets of, the Corporation, which rights may vary depending upon whether such liquidation, dissolution or winding up is voluntary or involuntary and, if voluntary, may vary at different dates, and whether such rights shall rank senior or junior to or on a parity with such rights of any other class or series of stock;
- (h) provisions, if any, for the conversion or exchange of the shares of such class or series, at any time or times at the option of the holder or holders thereof or at the option of the Corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock, or any other security, of the Corporation, or any other corporation or other entity, and the price or prices or rate or rates of conversion or exchange and any adjustments applicable thereto, and all other terms and conditions upon which such conversion or exchange may be made;
- (i) restrictions on the issuance of shares of the same series or of any other class or series, if any;
- (j) the voting rights, if any, of the holders of shares of such class or series in addition to any voting rights required by law;
- (k) whether or not there shall be any limitations applicable, while shares of such class or series are outstanding, upon the payment of dividends or making of distributions on, or the acquisition of, or the use of moneys for purchase or redemption of, any stock of the Corporation, or upon any other action of the Corporation, including action under this Section, and, if so, the terms and conditions thereof; and

(l) any other preferences, rights, restrictions, including restrictions on transferability, and qualifications of shares of such class or series, not inconsistent with law and the Charter.

Section 4.5 For the purposes hereof and of any Articles Supplementary to the Charter providing for the classification or reclassification of any shares of capital stock or of any other charter document of the Corporation (unless otherwise provided in any such article or document), any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to another class or series either as to dividends or upon liquidation, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable on liquidation, dissolution or winding up, as the case may be, in preference or priority to holders of such other class or series;

(b) on a parity with another class or series either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation price per share thereof be different from those of such others, if the holders of such class or series of stock shall be entitled to receipt of dividends or amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or redemption or liquidation prices, without preference or priority over the holders of such other class or series; and

(c) junior to another class or series either as to dividends or upon liquidation, if the rights of the holders of such class or series shall be subject or subordinate to the rights of the holders of such other class or series in respect of the receipt of dividends or the amounts distributable upon liquidation, dissolution or winding up, as the case may be.

Section 4.6.

(a) In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares or otherwise, is permitted under the MGCL, no effect shall be given to amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights upon dissolution are junior to those receiving the distribution.

(b) The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

(c) Except as may be set forth in any Articles Supplementary, the Board of Directors is hereby expressly authorized pursuant to Section 2-309(b)(5) of the MGCL (or any successor similar or comparable provision) to declare or pay a dividend payable in shares of one class of the Corporation's stock to the holders of shares of such class of the Corporation's stock or to the holders of shares of any other class of stock of the Corporation.

ARTICLE V

Stockholder Action

Section 5.1. Except as may be provided in any Articles Supplementary, any corporate action upon which a vote of stockholders is required or permitted may be taken without a meeting or vote of stockholders only with the unanimous written consent of stockholders entitled to vote thereon.

Section 5.2. Except as otherwise required by the MGCL or as provided elsewhere in the Charter or in the Bylaws, special meetings of stockholders of the Corporation for any purpose or purposes may be called only by the Board of Directors or by the President of the Corporation. No business other than that stated in the notice of the special meeting shall be transacted at such special meeting. Each of the Board of Directors, the President and Secretary of the Corporation shall have the maximum power and authority permitted by the MGCL with respect to the establishment of the date of any special meeting of stockholders, the establishment of the record date for stockholders entitled to vote thereat, the imposition of conditions on the conduct of any special meeting of stockholders and all other matters relating to the call, conduct, adjournment or postponement of any special meeting, regardless of whether the meeting was convened by the Board of Directors, the President, the stockholders of the Corporation or otherwise.

ARTICLE VI

Provisions Defining, Limiting

and Regulating Powers

Section 6.1. The following provisions are hereby adopted for the purposes of defining, limiting and regulating the powers of the Corporation and the directors and stockholders, subject, however, to any provisions, conditions and restrictions hereafter authorized pursuant to Article IV hereof:

(a) The Board of Directors of the Corporation is empowered to authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, and securities convertible into shares of its stock of any class, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, and without any action by the stockholders.

(b) No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive right to subscribe for or purchase any stock or any other securities of the Corporation other than such, if any, as the Board of Directors, in its sole discretion, may determine and at such price or prices and upon such other terms as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine to offer for subscription may, as the Board of Directors in its sole discretion shall determine, be offered to the holders of any class, series or type of stock or other securities at the time outstanding to the exclusion of the holders of any or all other classes, series or types of stock or other securities at the time outstanding.

(c) The Board of Directors of the Corporation shall, consistent with applicable law, have power in its sole discretion to determine from time to time in accordance with sound accounting practice or other reasonable valuation methods what constitutes annual or other net profits, earnings, surplus, or net assets in excess of capital; to fix and vary from time to time the amount to be reserved as working capital, or determine that retained earnings or surplus shall remain in the hands of the Corporation; to set apart out of any funds of the Corporation such reserve or reserves in such amount or amounts and for such proper purpose or purposes as it shall determine and to abolish any such reserve or any part thereof; to distribute and pay distributions or dividends in stock, cash or other securities or property, out of surplus or any other funds or amounts legally available therefor, at such times and to the stockholders of record on such dates as it may, from time to time, determine.

Section 6.2. Unless provided to the contrary in the MGCL or other applicable law, the Charter or the Bylaws, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

Section 6.3. No directors shall be disqualified from voting or acting on behalf of the Corporation in contracting with any other corporation in which he may be a director, officer or stockholder, nor shall any director of the Corporation be disqualified from voting or acting in its behalf by reason of any personal interest.

Section 6.4. The Board of Directors shall have power to determine from time to time whether and to what extent and at what times and places and under what conditions and regulations the books, records, accounts and documents of the Corporation, or any of them, shall be open to inspection by stockholders, except as otherwise provided by law or by the Bylaws; and except as so provided no stockholder shall have any right to inspect any book, record, account or document of the Corporation unless authorized to do so by resolution of the Board of Directors.

Section 6.5. The enumeration and definition of particular powers of the Board of Directors included in the foregoing shall in no way be limited or restricted by reference to or inference from the terms of any other clause of this or any other Article of the Charter of the Corporation, or construed as or deemed by inference or otherwise in any manner to exclude or limit any powers conferred upon the Board of Directors under the General Laws of the State of Maryland now or hereafter in force.

ARTICLE VII

Board of Directors

Section 7.1.

(a) The Corporation shall have three directors, which number may be increased or decreased from time to time in such lawful manner as the Bylaws of the Corporation shall provide, but shall never be less than the minimum number permitted by the General Laws of the State of Maryland, as now or hereafter in force.

(b) The directors, other than those who may be elected in accordance with the terms of any Articles Supplementary, shall be divided into three classes. Each such class shall consist, as nearly as may be possible, of one-third of the total number of directors, and any remaining directors shall be included with such group or groups as the Board of Directors shall designate. At the annual meeting of the stockholders of the Corporation for 1996, a class of directors shall be elected for a one-year term, a class of directors shall be elected for a two-year term, and a class of directors shall be elected for a three-year term. At each succeeding annual meeting of stockholders, beginning with 1997, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.

(c) Except as provided by law with respect to directors elected by stockholders of a class or series, any director or the entire Board of Directors may be removed for cause, by the affirmative vote of the holders of not less than 80% of the voting power of all Voting Stock (as defined below) then outstanding, voting together as a single class. Subject to such removal, or the death, resignation or retirement of a director, a director shall hold office until the annual meeting of the stockholders for the year in which such director's term expires and until a successor shall be elected and qualified, except as provided in Section 7.1(d) hereof.

(d) Except as provided by law with respect to directors elected by stockholders of a class or series, a vacancy on the Board of Directors which results from the removal of a director may be filled by the affirmative vote of the holders of not less than 80% of the voting power of the then outstanding Voting Stock, voting together as a single class, and a vacancy which results from any such removal or from any other cause may be filled by a majority of the remaining directors, whether or not sufficient to constitute a quorum. Any director so elected by the Board of Directors shall hold office until the next annual meeting of stockholders and until his successor is elected and qualifies and any director so elected by the stockholders shall hold office for the remainder of the term of the removed director. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(e) Except to the extent prohibited by law or limited by the Charter or the Bylaws, the Board of Directors shall have the power (which, to the extent exercised, shall be exclusive) to fix the number of directors and to establish the rules and procedures that govern the internal affairs of the Board of Directors and nominations for director, including without limitation the vote required for any action by the Board of Directors, and that from time to time shall affect the directors' power to manage the business and affairs of the Corporation and no Bylaw shall be adopted by the stockholders which shall modify the foregoing.

Section 7.2. Advance notice of stockholder nominations for the election of directors and of the proposal of business by stockholders shall be given in the manner provided in the Bylaws of the Corporation, as amended and in effect from time to time. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE VIII

Bylaws

Section 8.1. The Bylaws may contain any provision for the regulation and management of the affairs of the Corporation not inconsistent with law or the provisions of the Charter. Without limiting the foregoing, to the maximum extent permitted by the MGCL from time to time, the Corporation may in its Bylaws confer upon the Board of Directors powers and authorities in addition to those set forth in the Charter and in addition to those expressly conferred upon the Board of Directors by statute as long as such powers and authorities are not inconsistent with the provisions of the Charter.

Section 8.2. Except as provided in the Charter, the Bylaws may be altered or repealed and new Bylaws may be adopted (a) subject to Section 7.1(e), at any annual or special meeting of stockholders, by the affirmative vote of the holders of a majority of the voting power of all shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock") then outstanding, voting together as a single class; provided, however, that any proposed alteration or repeal of, or the adoption of any Bylaw inconsistent with, Sections 2, 8 or 11 of Article I of the Bylaws, with Section 1, 2 or 3 of Article II of the Bylaws, or Article X of the Bylaws or this sentence, by the stockholders shall require the affirmative vote of the holders of at least 80% of the voting power of all Voting Stock then outstanding, voting together as a single class; and provided, further, however, that in the case of any such stockholder action at a special meeting of stockholders, notice of the proposed alteration, repeal or adoption of the new Bylaw or Bylaws must be contained in the notice of such special meeting, or (b) by the affirmative vote of a majority of the total number of directors which the Corporation would have if there were no vacancies on the Board.

ARTICLE IX

Amendment of Charter -----

Section 9.1. The Corporation reserves the right to adopt, repeal, rescind, alter or otherwise amend in any respect any provision contained in this Charter, including but not limited to, any amendments changing the terms or contract rights of any class of its stock by classification, reclassification or otherwise, and all rights now or hereafter conferred on stockholders are granted subject to this reservation. Any amendment of the Charter shall be valid and effective if such amendment shall have been authorized by the affirmative vote at a meeting of the stockholders duly called for such purpose of a majority of the total number of shares outstanding and entitled to vote thereon, except that the affirmative vote of the holders of at least 80% of the Voting Stock then outstanding, voting together as a single class, at a meeting of the stockholders duly called for such purpose shall be required to alter, amend, adopt any provision inconsistent with or repeal Article V, Article VII, Section 8.2 of Article VIII, or this Article IX of the Charter.

ARTICLE X

Limited Liability; Indemnification -----

Section 10.1. To the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for money damages. No amendment of the Charter of the Corporation or repeal of any of its provisions shall limit or eliminate the benefits provided to directors and officers under this provision with respect to any act or omission which occurred prior to such amendment or repeal or with respect to any cause of action, suit or claim that, but for this Section 10.1 of this Article X, would accrue or arise, prior to such amendment or repeal.

Section 10.2. The Corporation shall indemnify (a) its directors and officers, whether serving the Corporation or, at its request, any other entity, to the fullest extent required or permitted by the General Laws of the State of Maryland now or hereafter in force, including the advance of expenses under the procedures and to the fullest extent permitted by law and (b) other employees and agents to such extent as shall be authorized by the Board of Directors or the Corporation's Bylaws and be permitted by law. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve and amend from time to time such bylaws, resolutions or contracts implementing such provisions or such further indemnification arrangements as may be permitted by law. No amendment of the Charter, or of any such bylaw, resolution or contract, or repeal of any of their provisions shall limit or eliminate the right to indemnification provided hereunder or thereunder with respect to acts or omissions occurring prior to such amendment or repeal.

ARTICLE XI

Duration -----

Section 11.1. The duration of the Corporation shall be perpetual.

THIRD:

(i) As of immediately before the amendment the total number of shares of stock of all classes which the Corporation had authority to issue was 285,000,000 shares, par value \$5.00 per share, having an aggregate par value of \$1,425,000,000, of which 10,000,000 shares having an aggregate par value of \$50,000,000 are Cumulative Preferred Stock and 275,000,000 shares having an aggregate par value of \$1,375,000,000 are Common Stock.

(ii) As amended the total number of shares of stock of all classes which the Corporation has authority to issue is 600,000,000 shares, of which 100,000,000 shares are Preferred Stock, with a par value of \$.01 per share, and 500,000,000 shares are Common Stock, with a par value of \$.01 share, for an aggregate par value of \$6,000,000.

(iii) The shares of stock of the Corporation are divided into classes, and the description, as amended, of each class, including the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption are contained in Article IV of these Articles of Amendment and Restatement.

FOURTH: The amendment to and restatement of the Charter of the Corporation as hereinabove set forth have been declared advisable by the Board of Directors of the Corporation and approved by the sole stockholder of the Corporation as required by law.

FIFTH: The current address of the principal office of the Corporation in Maryland and the name and address of the Corporation's current resident agent are as set forth in Article II of the amended and restated Charter of the Corporation. There are three directors currently in office, whose names are as follows:

Lars Nyberg
John L. Giering
Jonathan S. Hoak

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf by its President and witnessed by its Secretary on this 20th day of December, 1996.

NCR CORPORATION

By: /s/ Lars Nyberg

Name: Lars Nyberg
Title: President

ATTEST:

/s/ Laura K. Nyquist

Name: Laura K. Nyquist
Title: Secretary

THE UNDERSIGNED, the President of NCR Corporation who executed on behalf of the Corporation the foregoing Articles of Amendment and Restatement of which this certificate is made a part, hereby acknowledges in the name and on behalf of the Corporation the foregoing Articles of Amendment and Restatement to be the corporate act of the Corporation and hereby certifies to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Lars Nyberg

Name: Lars Nyberg
Title: President

ARTICLES SUPPLEMENTARY

of

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

of

NCR CORPORATION

(Pursuant to Section 2-208 of the
Maryland General Corporation Law)

NCR Corporation, a Maryland corporation having its principal business office in Dayton, Ohio, and its principal office in the City of Rockville, State of Maryland (hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that the following resolution was adopted by the Board of Directors of the Corporation by unanimous written consent on December 20, 1996 and that these Articles do not increase the authorized capital stock of the Corporation:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Articles of Amendment and Restatement of the Charter of the Corporation, the Board of Directors hereby creates a series of Preferred Stock, par value \$.01 per share (the "Preferred Stock"), of the Corporation and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 1,500,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$.01 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Articles Supplementary creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to

dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Charter of the Corporation, or in any other Articles Supplementary creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Charter of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, NCR Corporation has caused these presents to be signed in its name and on its behalf by its Senior Vice President and witnessed by its Assistant Secretary this 26th day of December, 1996.

NCR CORPORATION

By: /s/ Jonathan S. Hoak

Jonathan S. Hoak
Senior Vice President

Witness:

/s/ Julie D. Gallagher

Name: Julie D. Gallagher
Title: Assistant Secretary

THE UNDERSIGNED, Senior Vice President of NCR Corporation, who executed on behalf of the Corporation Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles Supplementary to be the corporate act of said Corporation and hereby certifies that the matters and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Jonathan S. Hoak

Jonathan S. Hoak
Senior Vice President

May 26, 1999

NCR CORPORATION

and

PER-OLOF LOOF

TERMINATION AGREEMENT

THIS AGREEMENT is made the 26th day of May 1999.

BETWEEN:

- (1) NCR CORPORATION whose registered office is at 1700 South Patterson Avenue, Dayton Ohio 45479 (the "Company"); and
- (2) PER-OLOF LOOF (the "Executive").

RECITALS:

- (A) The Company has employed the Executive since October 1995.
- (B) The employment will terminate on 9 June, 1999.

THIS AGREEMENT provides:

1. INTERPRETATION

1.1 In this Agreement and the Schedules the following expressions, unless otherwise expressly stated, have the following respective meanings:

- 1.1.1 "Group" means the Company and any subsidiary or subsidiaries for the time being of the Company; and any affiliate of the Company. "Subsidiary" has the meaning assigned to it by Section 736 of the UK Companies Act 1985 as amended by the UK Companies Act 1989. The expressions "GroupCompany" and "Group Companies" shall be construed accordingly;
- 1.1.2 "Board" means for the time being directors of the Company present at a duly convened quorum meeting of the directors or a committee of the directors duly appointed for the purpose in question;
- 1.1.3 "European Union Right" means any right which the Executive may have under any treaty to which the United Kingdom is a party in connection with or arising out of its membership of the European Union or under any Directive, Regulation, Recommendation or Decision of any body directly or indirectly made pursuant to any such treaty;
- 1.1.4 "Prior Period" means the period of six months immediately preceding the Termination Date;
- 1.1.5 "Recognized Investment Exchange" means a body which is a recognized investment exchange for the purposes of the United Kingdom Financial Services Act 1986;
- 1.1.6 "Scheme" means any applicable Pension plan in which the Executive participates;
- 1.1.7 "Termination Date" means 9 June, 1999; and
- 1.1.8 "Financial Business" means the business of NCR's Financial Solutions Group, in which the Executive was materially engaged.

2. OBLIGATIONS OF EXECUTIVE

- 2.1 In consideration of the payments to be made and other benefits to be provided by the Company in accordance with the provisions of this Agreement, the Executive will:
 - 2.1.1 immediately resign from all offices and positions he holds with the Company Group and Companies which he holds by virtue of his employment;
 - 2.1.2 immediately return all property of the Company and any Group Company and assign to the Company all rights, title and interest in such property and any other inventions, discoveries, or works of authorship created by the Executive during his employment;

2.1.3 subject to Clause 7, waive any claims he has or may have under the following UK Statutes: Equal Pay Act 1970, Sex Discrimination Act 1975, Race Relations Act 1976, Trade Union and Labour Relations (Consolidation) Act 1992, Employment Rights Act 1996, Disability Discrimination Act 1996 and any other breach of any contractual or statutory right or any directly enforceable European Union Right.

2.2 Except for (i) the rights and obligations of the Company, any Group Company and the Executive stated in this letter agreement, (ii) the Company's obligation to the Executive under any benefit program in which the Executive has vested rights, and (iii) any rights to indemnification and related rights in accordance with Maryland corporate law to which the Executive may be entitled by reason of his having served as an officer of the Company, the Executive and the Company hereby forever release, discharge and hold harmless each other, and their respective heirs, subsidiaries, affiliates, officers, directors, successors and assigns, from any claim or cause of action whatsoever which either may have against the other resulting from or arising out of or related to the employment of the Executive by the Company, or the termination of that employment, including any claims or causes of action the Executive has or may have pursuant to Title VII of the Civil Rights Act of 1964 as amended, 42 U.S.C. Sec. 2000 et seq.; the Age Discrimination in Employment Act, 29 U.S.C. Sec. 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. Sec. 12101; the Employee Retirement Income Security Act, as amended 29 U.S.C. Sec. 1001 et seq., and 42 U.S.C. Sec. 1981, and other state and local human or civil rights law as well as all other statutes in the U.S. which regulate employment; and the common law of contracts and torts. The Company and the Executive agree not to make any claim whatsoever against the other (or, in the case of the Executive, against any of the Company's direct or indirect subsidiaries) with any governmental agency or in any court of law at any time concerning matters relating to the employment arising from acts or failures to act which occurred prior to the Termination Date.

2.3 Assuming that mutually agreeable terms are established, assist the Company as a non-employee consultant for two months after the termination Date to develop a business plan relating to NCR's "microwave bank" initiative.

3. CONFIDENTIALITY and RESTRICTION

3.1 CONFIDENTIALITY

The Executive acknowledges and agrees that he will not, save as is required by law, without the consent of the Company divulge to any person, or use for his own benefit or the benefit of any person, any information of a confidential nature concerning the business of the Company or of any Group Company or of any client or customer of the Company or of any Group Company which has come to his knowledge during the course of his employment with the Company or any Group Company. Confidential information for this purpose includes details of transactions he has undertaken on behalf of the Company and details of the business strategy and financial position of the Company and any Group Company. This restriction shall cease to apply to any trade secret, or confidential information which comes into the public domain (otherwise than through unauthorized disclosure by the Executive).

3.2 In consideration of the Company paying to the Executive not later than 10 days after the date on which the Executive returns this Agreement fully executed to the Company the sum of (Pounds)10,000 less tax and National Insurance thereon the Executive agrees as set out in Clauses 3.3 and 3.4 below:

3.3 RESTRICTION: FINANCIAL BUSINESS

3.3.1 The Executive understands and acknowledges that his senior position with the Financial Business has given him access to and the benefit of confidential information vital to the continued success of the Financial Business and influence over and connection with the customers, suppliers, distributors, agents, employees and directors of the Financial Business and those of the Group and hereby acknowledges and confirms that he agrees that the provisions appearing in this Clause 3.3 are reasonable in their application to him and necessary but no more than sufficient to protect the interests of the Financial Business.

3.3.2 In the event that any restriction contained in this Clause 3.3 shall be found to be void, but would be valid if some part of the relevant restriction were deleted, the relevant restriction shall apply with such modifications as may be necessary to make it valid and effective.

3.3.3 The Executive shall not without the prior written consent of the Chief Executive Officer of the Company, during the period of one year starting on the Termination Date, either alone or jointly with or as principal, partner, agent, director, employee or consultant of any other person, firm or corporation, and whether directly or indirectly, in competition with the Financial Business:

A entice or endeavor to entice away from the Financial Business or employ any employee who, immediately prior to the Termination Date, (i) reported to the Executive or (ii) reported to an employee of the Company or a Group Company who reported to the Executive or (iii) was in direct regular contact with the Executive during the Prior Period; or any other sales, development or managerial employee;

B accept employment with and/or provide services to, either as independent contractor or otherwise and/or serve as a director whether as an executive director or a non-executive director on the boards of any of the following companies being companies which the Company and the Executive hereby agree are major and direct competitors of the Financial Business: IBM, Unisys, Oracle, Diebold and Siemens Nixdorf.

3.3.4 Nothing in this Clause 3.3 shall prevent the Executive from holding securities in a company listed on a Recognized Stock Exchange where his holding does not exceed five per cent of the class of securities concerned.

3.4 RESTRICTION RELATING TO BUSINESSES OF THE COMPANY OTHER THAN THE FINANCIAL BUSINESS

The Executive was engaged in businesses of the Company other than the Financial Business during the employment and the Executive agrees that in the period to and including June 9, 2000, he will not without the prior written consent of the Chief Executive Officer of the Company, (a) hire, attempt to hire or assist any other person or entity in hiring or attempting to hire any sales, development or managerial employee of the Company or any person who held such positions during the Prior Period, or (b) accept employment, either as an employee or independent contractor, with, or serve as a director of, any of the Company's direct, major competitors, or their subsidiaries or affiliates, namely: IBM, Unisys, Oracle, Diebold or Siemens Nixdorf.

4. OBLIGATIONS OF COMPANY

The Company shall:

4.1 pay to the Executive his basic salary and the Executive will continue to receive his other contractual benefits up to and including the Termination Date less tax, National Insurance and pension contributions;

4.2 pay to the Executive a gross compensation for loss of employment gross severance payment of (Pounds)470,000 ("Global Severance") subject to deduction of the tax and National Insurance on the balance in excess of (Pounds)30,000 in accordance with the PAYE regulations and will account for the same to the Inland Revenue, or otherwise as required by law. (Pounds)235,000 of the Global Severance will be paid less deductions therefrom to the Executive not later than 10 days after receipt by the Company of this Agreement fully executed by the Executive and his solicitor-if this initial payment is not made, this Agreement will be null and void. (Pounds)235,000 of the Global Settlement less deductions therefrom will be paid to the Executive not later than six months after receipt by the Company of this Agreement fully executed by the Executive and his solicitor PROVIDED ALWAYS that if the Executive fails to comply with his obligations pursuant to this Agreement he shall refund to the Company forthwith upon notification to him by the Company of such non-compliance one-half of any payment made to him pursuant to this Clause and shall forfeit entitlement to any further payment under this Clause;

4.3 determine, in January 2000, a Management Incentive Plan award that would have been payable to the Executive had his employment continued for the whole of the year to 31 December 1999 and will, not later than 31 March 2000 pay to the Executive the MIP award so determined and pro-rated to the Termination Date;

- 4.4 pay the Executive 20 days base salary in lieu of vacation days accrued by him but untaken at the Termination Date;
- 4.5 permit the Executive to continue to participate in the Executive Financial Counseling Project until 31 December 1999;
- 4.6 provide the Executive the outplacement services of Right Associates;
- 4.7 reimburse the Executive's legal fees incurred in connection with this Agreement, upon receipt of relevant invoices subject to a maximum of (Pounds)1,000 plus VAT.

5. ANNOUNCEMENTS

- 5.1 Subject to Clause 5.2 the Executive confirms that he will not without the prior written consent of the Chief Executive Officer of the Company make any statements, oral or written, touching upon or concerning his relationship with the Company or any Group Company, his appointment as a director of the Company or any Group Company or his resignation from office which would or might involve the disclosure of secret or confidential information about the Company or any Group Company, or which might be detrimental to the interests of the Company or any Group Company.
- 5.2 If the Executive is required to make any such statement to comply with his legal and/or regulatory obligations he may do so without the written consent described at Clause 5.1 above and will not be deemed thereby to be in breach of this Clause.

6. WARRANTY

The Executive warrants that there are no matters of which he is aware relating to any acts or omissions of the Executive or any other director, employee or agent of the Company or any Group Company which if disclosed to the Company would or might affect the decision of the Company to make payments in accordance with Clauses 3 and 4 or provide any other benefits under this Agreement. The Executive also warrants that he has not presented an originating application to an office of the Employment Tribunals in the United Kingdom or commenced proceedings in any Court or tribunal anywhere in the world in connection with his employment or its termination.

7. PENSION AND OPTIONS

This Agreement shall not prejudice or affect any rights, which the Executive may have accrued under any applicable pension plan or option agreements. His rights to benefits under such plans will be determined solely by the terms of the plans except as set out in the next two sentences. Notwithstanding that the Executive is not vested in his benefits under the Mid-Career Hire Supplemental Plan until 1 August 1999, the Company will, for vesting purposes to that Plan only, treat the Executive as employed until the vesting date. Subject to the approval (which the Company will seek) of the Compensation Committee of the Board of Directors, the Executive will be permitted to exercise vested options until September 15, 1999.

8. NOTICES

Any notice will be duly served under this Agreement if in the case of the Company it is delivered to NCR's Senior Vice President, Law, and if, in the case of the Executive it is handed to the Executive or sent by recorded or first class post to the Executive at such address as he may direct the Company. A notice sent by recorded or first class post will be deemed served on the working day next following posting.

9. COUNTERPARTS

This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same agreement.

10. GOVERNING LAW AND JURISDICTION

- 10.1 Subject to Clauses 10.3 and 10.4 this Agreement shall be governed by the laws of the State of Ohio and for the benefit of the Company, the Executive hereby submits to the jurisdiction of the Ohio Courts.
- 10.2 If any part of this Agreement is held to be unenforceable, the parties intend for the remaining portion of this Agreement to be given full force and effect. In particular, the parties intend for the provisions contained in Clauses 3 and 5 to be given maximum effect permissible under the law, in order to protect the Company's trade secrets and confidential and proprietary information.
- 10.3 The restrictions contained at Clause 3.3 shall be governed by English law and for the benefit of the Company the Executive hereby agrees to submit to the jurisdiction of the English courts in connection with any issue arising out of Clause 3.3.

11. ARBITRATION

Subject to the Company's rights pursuant to this Agreement to seek injunctive relief or equitable remedies in a court action in any jurisdiction any controversy or claim related in any way to this Agreement, or to the Executive's employment relationship with the Company (including, but not limited to, any claim of fraud or misrepresentation), shall be resolved by arbitration pursuant to this paragraph and the then current rules and supervision of the American Arbitration Association. The arbitration shall be held in Dayton, Ohio, before an arbitrator who is an attorney knowledgeable of employment law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction thereof. The arbitrator shall not have the power to award punitive or exemplary damages. Issues of arbitrability shall be determined in accordance with the Federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio. Each party shall bear its own attorney's (and any other) fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph.

12. BINDING AGREEMENT

- 12.1 This offer will remain open until May 26, 1999.
- 12.2 Upon execution of this Agreement by both parties, the Agreement will, notwithstanding that it is marked without prejudice and subject to contract, be on the open record and shall be binding on both parties.
- 12.3 This Agreement is the entire agreement between the Company and the Executive regarding the termination of the Executive's employment and supersedes all prior written or oral undertakings, statements or agreements relating in any way to the terms and conditions of the employment of the Executive by the Company. The Executive acknowledges and agrees by his signature hereto that he has not relied on any representation or statement not set forth herein made by the Company or its agents, representatives or attorneys with regard to the subject matter of this Agreement. This Agreement may not be varied other than in writing signed by the Executive and signed for and on behalf of the Company.

AS WITNESS the hands of the parties hereto or their duly authorized representatives the day and year first before written. The Executive by his signature (or that of his duly authorized representative) acknowledges and agrees that:

- . he has read this Agreement and had sufficient time to consider its terms;
- . he is giving up important rights;
- . he agrees with everything in the Agreement;
- . he has been advised of and is aware of his rights to consult an attorney before signing the Agreement in addition to the requirement that he consult an English qualified lawyer; and

. he has signed the Agreement knowingly and voluntarily.

SIGNED by /s/ Wilbert J.M. Buiters

for and on behalf of
NCR CORPORATION
in the presence of: Jim Huelsman

SIGNED by /s/ Per-Olof Loof

PER-OLOF LOOF
in the presence of:

ENDORSEMENT

I confirm:

13. that the within-written agreement (the "Agreement") relates to my right to complain that I have been unfairly dismissed and/or that I am entitled to a statutory redundancy payment and/or that I have suffered an unlawful deduction under the Employment Rights Act 1996 and/or have been discriminated against on grounds of sex race or disability contrary to the Sex Discrimination Act 1975, the Race Relations Act 1976 and the Disability Discrimination Act 1995 (the "Relevant Statutes");

13. I received prior to the signature of the Agreement independent legal advice from
Name of solicitor: David Hards (the "Adviser")
Firm of solicitors: ACS Hards & Co.
Business Address of solicitor:
2 High Street
New Malden
Surrey KT3 4DA

as to the terms and effect of the Agreement and in particular its effect on my ability to pursue my rights before an Employment Tribunal; and

13. I have been advised that the conditions regulating compromise agreements pursuant to Sections 203, 77, 72 and 9 of the Relevant Statutes are satisfied and I have received the confirmation referred to below.

Signed: /s/ Per-Olof Loof

PER-OLOF LOOF

Date: 26/5/99

I confirm the matters of fact referred to above are accurate.

I further confirm that I am a solicitor holding a current practicing certificate and that my firm has an insurance policy in force covering the risk of a claim by me in respect of any loss arising in consequence of the advice that I have given.

Signed: /s/ David Hards, Solicitor

Date: 26/5/99

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FOR NCR CORPORATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AT JUNE 30, 1999 AND THE CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS	
DEC-31-1999	APR-01-1999
JUN-30-1999	
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135	
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394	
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