

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (date of earliest event reported): October 25, 2005**

**NCR CORPORATION**

(Exact name of registrant as specified in its charter)

**Commission File Number 001-00395**

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**31-0387920**  
(I.R.S. Employer  
Identification No.)

**1700 S. Patterson Blvd.**  
**Dayton, Ohio 45479**  
(Address of principal executive offices and zip code)

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

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

### **Item 1.01 Entry Into A Material Definitive Agreement.**

At meetings held on October 25 and 26, 2005, the Board of Directors (the "Board") of NCR Corporation ("NCR" or the "Company"), as well as the Compensation Committee of the Board (the "Compensation Committee") and the Committee on Directors and Governance of the Board (the "Committee on Directors and Governance"), approved certain actions as described below.

#### **Chairman of the Board Compensation**

On October 26, 2005, based upon the recommendations of the Committee on Directors and Governance, the Board established the following compensation for its former Chairman, Lars Nyberg, and current Chairman, James Ringler, related to their service on the Board:

Mr. Nyberg, who served as Chairman until his resignation from such position effective July 27, 2005, shall receive a retainer in the amount of \$16,644 for his services as Chairman for the period from July 1, 2005, through July 27, 2005. This amount represents the unpaid, pro-rated portion of the retainer for the non-employee Chairman previously established and disclosed by the Company in a Current Report on Form 8-K filed May 2, 2005. Mr. Nyberg will also receive a retainer of \$20,000 for his services as a non-employee director for the period from July 28, 2005, through the conclusion of the regular meeting of the Board on October 26, 2005, at which time Mr. Nyberg's resignation from the Board became effective.

Mr. Ringler will be compensated by the Company for the time period beginning July 27, 2005, through August 7, 2005, during which time Mr. Ringler served as Chairman of the Board in addition to his duties as the Company's President and Interim Chief Executive Officer, in accordance with the terms of the July 11, 2005, letter agreement relating to his service as President and Interim Chief Executive Officer, with no additional compensation to be paid for Mr. Ringler's service as Chairman. A copy of the July 11, 2005, letter agreement was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 13, 2005. Due to the increased time commitment required of the Chairman during the Company's transition to a new President and Chief Executive Officer, Mr. Ringler will receive a retainer for his services as Chairman of the Board for the time period from August 8, 2005, through October 31, 2005, in the amount of \$225,000. During the time period commencing on November 1, 2005, and ending upon the conclusion of the Company's 2006 Annual Stockholders' Meeting, the Company will pay Mr. Ringler a retainer for his services as Chairman of the Board at the rate of \$20,000 per month. In addition to the foregoing, until the conclusion of the Company's 2006 Annual Stockholders' Meeting, the Company will provide Mr. Ringler access to the Company's e-mail system; reasonable secretarial support and office space; use of the corporate aircraft for business travel; and use of the corporate aircraft for additional travel for personal use, limited to the aircraft's availability and subject to a limitation of \$35,000 in imputed income per year, for which the Company will provide Mr. Ringler a tax gross-up sufficient to cover federal and state income taxes related thereto. The Board further determined that, because of the equity grants previously made to Mr. Ringler pursuant to the July 11, 2005, letter agreement, no further stock options or stock grants will be made to Mr. Ringler under the NCR Management Stock Plan for his service as Chairman or as a non-employee director during 2005.

#### **Restricted Stock Award to NCR Executive**

On October 25, 2005, the Compensation Committee granted a restricted stock award to Michael Koehler, Senior Vice President, Teradata Division. In connection with this award, the Compensation Committee considered Mr. Koehler's current compensation, performance, competitive market data and retention requirements for business continuity purposes. The Committee granted Mr. Koehler a number of restricted shares of the Company's common stock with a fair market value of \$1,500,000 as of October 25, 2005, pursuant to the Company's standard 2005 Restricted Stock Agreement for retention awards under the NCR Management Stock Plan. A copy of this restricted stock agreement was filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed May 2, 2005. Based upon a per share fair market value of \$31.14, calculated by averaging the high and low stock price on October 25, 2005, the resulting grant to Mr. Koehler is a total of 48,170 restricted shares. Fifty percent (50%) of the award will vest on the second anniversary of the grant, or October 25, 2007, and the remaining fifty percent (50%) will vest on the third anniversary of the grant, or October 25, 2008.

**Item 2.02 Results of Operations and Financial Condition.**

NCR Corporation (the "Company") is furnishing the following information as required under Item 2.02 "Results of Operations and Financial Condition" of Form 8-K. Such information, including the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

On October 27, 2005, the Company issued a press release announcing its third-quarter 2005 revenue, operating income and earnings per share amounts. The Company also provided earnings per share and revenue forecasts for the 2005 fiscal year. A copy of the press release is furnished as Exhibit 99.1 of this report and is incorporated herein by reference.

**Item 8.01 Other Events.**

On October 26, 2005, the Company issued a press release announcing that the Board of Directors of the Company authorized the repurchase of an additional \$500 million of the company's outstanding shares of common stock. This authorization extends the Board's previous authorizations under this stock repurchase program given in 1999. A copy of the press release is furnished as Exhibit 99.2 to this report and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits:

The following exhibits are filed with this current report on Form 8-K:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated October 27, 2005.
99.2	Press Release dated October 26, 2005.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**NCR CORPORATION**

By: /s/ Peter J. Bocian

---

Peter J. Bocian  
Senior Vice President and Chief Financial Officer

Date: October 27, 2005

---

## Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated October 27, 2005.
99.2	Press Release dated October 26, 2005.



Transforming Transactions  
into Relationships

For media information:

John Hourigan  
(937) 445-2078  
john.hourigan@ncr.com

**For Release on October 27, 2005**

1700 South Patterson Boulevard  
Dayton, OH 45479

**NEWS RELEASE**

For investor information:

Gregg Swearingen  
(937) 445-4700  
gregg.swearingen@ncr.com

### **NCR Reports Third-Quarter 2005 Results**

- *Teradata Data Warehousing delivers 16 percent revenue growth*
- *Financial Self Service generates 17 percent operating margin*
- *Customer Services operating margin improves 4 percentage points*
- *More than 50 percent increase in year-to-date cash generated from operations*

**DAYTON, Ohio** – NCR Corporation (NYSE: NCR) today reported earnings of \$1.18 per share and revenue of \$1.50 billion for the quarter ended Sept. 30, 2005. The 3 percent revenue increase from the third quarter of 2004 was benefited by 1 percentage point from currency fluctuations. Revenue comparisons for each of NCR's businesses were benefited by approximately 1 percentage point.

NCR reported third-quarter net income of \$222 million, or \$1.18 per share. This included the benefit of \$137 million from the favorable settlement of prior-year tax audits. Excluding the tax item, NCR generated \$85 million of net income, or \$0.45 per share.<sup>(1)</sup>

"I want to congratulate the NCR employees on their successful delivery of a very strong quarter which resulted in significant earnings expansion," said Bill Nuti, chief executive officer of NCR. "Key drivers of our performance included higher-than-expected revenue growth and profitability in our Teradata Data Warehousing business, substantial profit improvement from the second quarter in our Financial Self Service business, continued margin improvement in our Customer Services business, and ongoing success in delivering on our multi-year profit improvement plan."

-more-

## **Operating Segment Results**<sup>(2)</sup>

### **Teradata Data Warehousing**

NCR's Teradata Data Warehousing segment reported third-quarter revenue of \$361 million, up 16 percent from the third quarter of 2004. Demand for Teradata's market-leading technology resulted in some customer purchases occurring earlier than previously expected.

Operating income of \$72 million increased 71 percent from the prior-year period. Operating margin increased 7 percentage points to 20 percent. The increase in profitability was due to higher volume and increased profitability from support services.

### **Financial Self Service (ATMs)**

The Financial Self Service segment generated third-quarter revenue of \$349 million, up 3 percent from a very strong year-ago period.

Operating income of \$60 million was down slightly from \$63 million generated in the strong third quarter of 2004, primarily due to lower product margins caused by competitive pricing pressure.

### **Retail Store Automation**

Retail Store Automation revenue of \$209 million was down 4 percent from the third quarter of 2004.

Retail Store Automation operating profit of \$9 million was down from \$11 million in the third quarter of 2004, largely due to lower revenue.

### **Customer Services**

Customer Services revenue was down 4 percent to \$451 million due to the company's strategy to reduce revenues associated with third-party products. Structural changes being made to optimize efficiency resulted in a \$17 million improvement in operating income from the third quarter of 2004.

### **Non-Operating Items**

Other Expense was \$2 million in the third quarter of 2005, unchanged from the \$2 million reported in the prior-year period.

The company's third-quarter results included a non-cash \$137 million tax benefit from the favorable settlement of prior-year tax audits. Excluding the tax benefit, the company's tax rate was 22 percent in the quarter.

-more-

### Cash Flow

NCR's cash from operations increased to \$162 million from \$151 million in the third quarter of 2004. Capital expenditures in the third quarter of 2005 were \$61 million, compared to \$71 million of capital expenditures in the year-ago period. NCR generated \$101 million of free cash flow (cash from operations less capital expenditures) in the third quarter of 2005 versus \$80 million in the year-ago period.<sup>(3)</sup>

Assuming approximately \$235 million of capital expenditures, NCR is increasing its expectation for free cash flow to a range of \$280 million to \$300 million in 2005. This compares to the company's prior free cash flow expectation of \$240 million to \$250 million.

	For the Period Ended September 30			
	Three Months		Nine Months	
	2005	2004	2005	2004
<b>Cash provided by operating activities (GAAP)<sup>(3)</sup></b>	\$ 162	\$ 151	\$ 368	\$ 241
<u>Less</u> capital expenditures for:				
Net expenditures for reworkable service parts	(23)	(26)	(66)	(65)
Expenditures for property, plant and equipment	(18)	(22)	(50)	(55)
Additions to capitalized software	(20)	(23)	(57)	(63)
<b>Total capital expenditures</b>	<b>(61)</b>	<b>(71)</b>	<b>(173)</b>	<b>(183)</b>
Free cash flow (non-GAAP measure) <sup>(3)</sup>	\$ 101	\$ 80	\$ 195	\$ 58

### Balance Sheet

NCR ended the third quarter with \$740 million in cash, cash equivalents and short-term investments, an increase from the \$724 million cash balance on June 30, 2005. NCR's cash balance increased due to free cash flow generation and proceeds from employee stock plans exceeding net cash used for share repurchases.

NCR repurchased approximately 3 million shares of NCR common stock for approximately \$102 million during the third quarter. The company's board of directors authorized an additional \$500 million share-repurchase program at its regularly scheduled board meeting on Oct. 26, 2005. The company now has approximately \$554 million authorized for future share repurchases.

As of Sept. 30, 2005, NCR had short- and long-term debt of \$308 million, unchanged from June 30, 2005.

-more-

## Outlook

For the full year, total revenue is expected to be flat compared to 2004. Including the net benefit of non-operational items, NCR expects its GAAP earnings per share to be \$2.52 to \$2.57. Excluding the net benefit of the non-operational items, NCR expects 2005 earnings per share in the \$1.52 to \$1.57 range.<sup>(1)</sup>

	<b>2005 Full-Year Guidance</b>
<b>Year-over-year revenue growth:</b>	
Total NCR	Flat
Teradata Data Warehousing	7 – 8%
Financial Self Service (ATMs)	0 – 2%
Retail Store Automation	(2 – 3)%
Customer Services	(5 – 6)%
Earnings per share – GAAP	\$2.52 - \$2.57
Earnings per share – Non-GAAP <sup>(1)</sup>	\$1.52 - \$1.57

### **Reconciliation of GAAP to Non-GAAP Measures<sup>(1)</sup>**

	<b>Q3 2005 Actual</b>	<b>Q3 2004 Actual</b>	<b>FY 2005 Forecast</b>	<b>FY 2004 Actual</b>
<b>Earnings Per Share (GAAP)</b>	<b>\$ 1.18</b>	<b>\$ 0.23</b>	<b>\$ 2.52-\$ 2.57</b>	<b>\$ 1.51</b>
Benefit from the resolution of prior-year tax audits	0.73	—	1.06	0.44
Early retirement-related pension expense	—	—	(0.08)	—
Net gains from real estate transactions	—	—	0.06	0.05
Net effect of other non-operational items in 2005 <sup>(4)</sup>	—	—	(0.04)	—
Benefit of other non-operational items in 2004 <sup>(5)</sup>	—	—	—	0.07
<b>Adjusted Earnings Per Share (Non-GAAP)</b>	<b>\$ 0.45</b>	<b>\$ 0.23</b>	<b>\$ 1.52-\$1.57</b>	<b>\$ 0.95</b>

### 2005 Third-Quarter Earnings Conference Call

NCR's senior management will discuss the company's third-quarter results during a conference call today at 10:00 a.m. (ET). Access to the conference call, as well as a replay of the call, is available on NCR's Web site at <http://investor.ncr.com/>. Supplemental financial information regarding NCR's 2005 third-quarter operating results is also available on NCR's Web site.

-more-



## About NCR Corporation

NCR Corporation (NYSE: NCR) is a leading global technology company helping businesses build stronger relationships with their customers. NCR's Teradata® data warehouses and ATMs, retail systems and IT services provide Relationship Technology™ solutions that maximize the value of customer interactions and help organizations create a stronger competitive position. Based in Dayton, Ohio, NCR ([www.ncr.com](http://www.ncr.com)), employs approximately 28,500 people worldwide.

###

NCR and Teradata are trademarks or registered trademarks of NCR Corporation in the United States and other countries.

NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP. However, as described below, the company believes that certain non-GAAP measures found in this release are useful for investors.

- (1) NCR's management looks at the company's earnings-per-share results excluding certain items to assess the financial performance of the company and believes this information is useful for investors because it provides a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with past reports of financial results. In addition, management uses its earnings per share excluding these items to manage and determine effectiveness of its business managers and as a basis for incentive compensation. This non-GAAP measure should not be considered as a substitute for or superior to earnings per share determined in accordance with GAAP.
- (2) The operating segment results discussed in this earnings release exclude the impact of \$31 million of pension expense in the third quarter of 2005 and \$38 million of pension expense in the third quarter of 2004. When evaluating the year-over-year performance of and making decisions regarding its operating segments, NCR excludes the effect of pension expense/income. Schedule B, included in this earnings release, reconciles total "Income from operations excluding pension expense/income" for all of the company's operating segments to "Total income from operations" for the company.
- (3) Service parts, property, plant and equipment and additions to capitalized software. NCR's management uses free cash flow to assess the financial performance of the company and believes it is useful for investors because it relates the operating cash flow of the company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures for, among other things, investment in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of company stock and repayment of the company's debt obligations. This non-GAAP measure should not be considered a substitute for or superior to cash flows from operating activities under GAAP, or as a proxy for cash flow available for discretionary spending.
- (4) Included in the first-quarter results was a \$0.05 per-share charge to decrease the value of an equity investment which was partially offset by a \$0.03 per-share benefit from the reduction of previously estimated accruals for purchased goods and services. The second quarter included a \$0.02 charge related to the multi-year funding of NCR's charitable foundation.
- (5) Items include the benefit of \$0.01 from the receipt of an acquisition break-up fee, a \$0.04 benefit from the release of a reserve held for exiting countries in the Middle East and Africa region and a \$0.02 benefit from the recovery of a non-trade receivable which was previously reserved.

-more-

---

**Note to Investors**

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, future economic performance and statements concerning analysts' earnings estimates, among other things. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially.

In addition to the factors discussed in this release, other risks and uncertainties include: the uncertain economic climate and its impact on the markets in general or on the ability of our suppliers to meet their commitments to us, or the timing of purchases by our current and potential customers and other general economic and business conditions; the timely development, production or acquisition and market acceptance of new and existing products and services (such as self-checkout and electronic shelf-labeling technologies, ATM outsourcing and enterprise data warehousing), including our ability to accelerate market acceptance of new products and services; shifts in market demands, continued competitive factors and pricing pressures and their impact on our ability to improve gross margins and profitability, especially in our more mature offerings; the effect of currency translation; short product cycles, rapidly changing technologies and maintaining competitive leadership position with respect to our solution offerings, particularly data warehousing technologies; tax rates; ability to execute our business and reengineering plans; turnover of workforce and the ability to attract and retain skilled employees, especially in light of recent cost-control measures taken by the company and the recent change in the company's chief executive officer position; availability and successful exploitation of new acquisition and alliance opportunities; changes in Generally Accepted Accounting Principles (GAAP) such as the future impact of expensing stock options and the resulting impact, if any, on the company's accounting policies; continued efforts to establish and maintain best-in-class internal information technology and control systems; and other factors detailed from time to time in the company's U.S. Securities and Exchange Commission reports and the company's annual reports to stockholders. The company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

-more-



NCR CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in millions, except per share amounts)

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2005	2004	2005	2004
<b>Revenue</b>				
Products	\$ 806	\$ 762	\$2,246	\$2,151
Services	692	692	2,065	2,045
<b>Total revenue</b>	<b>1,498</b>	<b>1,454</b>	<b>4,311</b>	<b>4,196</b>
Cost of products	512	489	1,445	1,377
Cost of services	550	570	1,663	1,709
<b>Total gross margin</b>	<b>436</b>	<b>395</b>	<b>1,203</b>	<b>1,110</b>
% of Revenue	29.1%	27.2%	27.9%	26.5%
Selling, general and administrative expenses	267	278	790	832
Research and development expenses	57	58	174	174
<b>Income from operations</b>	<b>112</b>	<b>59</b>	<b>239</b>	<b>104</b>
% of Revenue	7.5%	4.1%	5.5%	2.5%
Other expense, net	2	2	10	2
<b>Income before income taxes</b>	<b>110</b>	<b>57</b>	<b>229</b>	<b>102</b>
% of Revenue	7.3%	3.9%	5.3%	2.4%
Income tax (benefit) expense	(112)	13	(150)	(59)
<b>Net income</b>	<b>\$ 222</b>	<b>\$ 44</b>	<b>\$ 379</b>	<b>\$ 161</b>
% of Revenue	14.8%	3.0%	8.8%	3.8%
<b>Net income per common share</b>				
Basic	\$ 1.20	\$ 0.24	\$ 2.04	\$ 0.86
Diluted	\$ 1.18	\$ 0.23	\$ 1.99	\$ 0.84
<b>Weighted average common shares outstanding</b>				
Basic	184.9	186.7	185.8	188.0
Diluted	188.7	190.4	190.1	191.6



NCR CORPORATION

## CONSOLIDATED REVENUE and OPERATING INCOME (LOSS) SUMMARY

(Unaudited)  
(in millions)

For the Periods Ended September 30

	Three Months			Nine Months		
	2005	2004	% Change	2005	2004	% Change
<b>Revenue by segment</b>						
<b>Data Warehousing</b>						
Data Warehousing solution	\$ 282	\$ 238	18%	\$ 838	\$ 733	14%
Data Warehousing support services	79	74	7%	234	216	8%
<b>Total Data Warehousing</b>	<b>361</b>	<b>312</b>	<b>16%</b>	<b>1,072</b>	<b>949</b>	<b>13%</b>
<b>Financial Self Service</b>	<b>349</b>	<b>338</b>	<b>3%</b>	<b>944</b>	<b>919</b>	<b>3%</b>
<b>Retail Store Automation</b>	<b>209</b>	<b>217</b>	<b>(4)%</b>	<b>595</b>	<b>594</b>	<b>—</b>
<b>Customer Services</b>						
Customer Service Maintenance:						
Financial Self Service	150	145	3%	451	422	7%
Retail Store Automation	115	115	—	346	344	1%
Payment & Imaging and Other	32	31	3%	96	95	1%
Third-Party Products and Exited Businesses	70	84	(17)%	213	257	(17)%
<b>Total Customer Services Maintenance</b>	<b>367</b>	<b>375</b>	<b>(2)%</b>	<b>1,106</b>	<b>1,118</b>	<b>(1)%</b>
Third-Party Products	17	17	—	42	59	(29)%
Professional and installation-related services	67	77	(13)%	206	233	(12)%
<b>Total Customer Services</b>	<b>451</b>	<b>469</b>	<b>(4)%</b>	<b>1,354</b>	<b>1,410</b>	<b>(4)%</b>
<b>Systemedia</b>	<b>127</b>	<b>127</b>	<b>—</b>	<b>363</b>	<b>358</b>	<b>1%</b>
<b>Payment &amp; Imaging and Other</b>	<b>42</b>	<b>41</b>	<b>2%</b>	<b>116</b>	<b>115</b>	<b>1%</b>
Elimination of installation-related services revenue included in both the Customer Services segment and other segments	(41)	(50)	(18)%	(133)	(149)	(11)%
<b>Total revenue</b>	<b>\$1,498</b>	<b>\$1,454</b>	<b>3%</b>	<b>\$4,311</b>	<b>\$4,196</b>	<b>3%</b>
<b>Operating income (loss) by segment</b>						
Data Warehousing	\$ 72	\$ 42		\$ 220	\$ 151	
Financial Self Service	60	63		128	134	
Retail Store Automation	9	11		12	8	
Customer Services	8	(9)		25	(50)	
Systemedia	—	2		(1)	5	
Payment & Imaging and Other	7	3		14	3	
Elimination of installation-related services operating income included in both the Customer Services segment and other segments	(13)	(15)		(42)	(45)	
<b>Subtotal - Segment operating income</b>	<b>143</b>	<b>97</b>		<b>356</b>	<b>206</b>	
Pension expense	(31)	(38)		(117)	(102)	
<b>Total income from operations</b>	<b>\$ 112</b>	<b>\$ 59</b>		<b>\$ 239</b>	<b>\$ 104</b>	



NCR CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(in millions)

	September 30 2005	June 30 2005	December 31 2004
<b>Assets</b>			
Current assets			
Cash, cash equivalents and short-term investments	\$ 740	\$ 724	\$ 750
Accounts receivable, net	1,270	1,184	1,304
Inventories, net	395	369	355
Other current assets	216	232	224
<b>Total current assets</b>	<b>2,621</b>	<b>2,509</b>	<b>2,633</b>
Reworkable service parts and rental equipment, net	225	224	224
Property, plant and equipment, net	403	408	446
Goodwill	123	124	124
Prepaid pension cost	1,338	1,346	1,446
Deferred income taxes	418	409	372
Other assets	306	298	309
<b>Total assets</b>	<b>\$ 5,434</b>	<b>\$5,318</b>	<b>\$ 5,554</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities			
Short-term borrowings	\$ 2	\$ 2	\$ 2
Accounts payable	487	434	492
Payroll and benefits liabilities	280	230	328
Deferred service revenue and customer deposits	430	449	407
Other current liabilities	467	432	495
<b>Total current liabilities</b>	<b>1,666</b>	<b>1,547</b>	<b>1,724</b>
Long-term debt	306	306	307
Pension and indemnity plan liabilities	489	491	517
Postretirement and postemployment benefits liabilities	250	245	244
Income taxes	315	461	492
Other liabilities	157	156	166
Minority interests	20	20	18
<b>Total liabilities</b>	<b>3,203</b>	<b>3,226</b>	<b>3,468</b>
<b>Total stockholders' equity</b>	<b>2,231</b>	<b>2,092</b>	<b>2,086</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 5,434</b>	<b>\$5,318</b>	<b>\$ 5,554</b>



NCR CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)  
(in millions)

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2005	2004	2005	2004
<b>Operating activities</b>				
Net income	\$ 222	\$ 44	\$ 379	\$ 161
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	63	68	189	204
Deferred income taxes	—	(2)	—	2
Income tax settlement	(137)	—	(201)	(85)
Other adjustments to income, net	—	1	1	—
Changes in assets and liabilities:				
Receivables	(86)	56	39	91
Inventories	(26)	(8)	(40)	(83)
Current payables	122	48	(20)	(26)
Deferred service revenue and customer deposits	(19)	(53)	23	12
Employee severance and pension	8	14	46	21
Other assets and liabilities	15	(17)	(48)	(56)
<b>Net cash provided by operating activities</b>	<b>162</b>	<b>151</b>	<b>368</b>	<b>241</b>
<b>Investing activities</b>				
Purchases of short-term investments	—	(5)	—	(20)
Proceeds from sales and maturities of short-term investments	—	5	—	20
Net expenditures and proceeds for reworkable service parts	(23)	(26)	(66)	(65)
Expenditures for property, plant and equipment	(18)	(22)	(50)	(55)
Proceeds from sales of property, plant and equipment	—	1	7	8
Additions to capitalized software	(20)	(23)	(57)	(63)
Other investing activities, net	—	(26)	2	(43)
<b>Net cash used in investing activities</b>	<b>(61)</b>	<b>(96)</b>	<b>(164)</b>	<b>(218)</b>
<b>Financing activities</b>				
Purchase of Company common stock	(102)	(89)	(320)	(271)
Short-term borrowings, net	—	—	—	1
Cash received from real estate transaction	—	—	—	50
Proceeds from employee stock plans	15	27	117	136
Other financing activities, net	—	—	—	—
<b>Net cash used in financing activities</b>	<b>(87)</b>	<b>(62)</b>	<b>(203)</b>	<b>(84)</b>
Effect of exchange rate changes on cash and cash equivalents	2	(1)	(11)	(3)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>16</b>	<b>(8)</b>	<b>(10)</b>	<b>(64)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>724</b>	<b>583</b>	<b>750</b>	<b>639</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 740</b>	<b>\$ 575</b>	<b>\$ 740</b>	<b>\$ 575</b>



Transforming Transactions  
into Relationships

1700 South Patterson Boulevard  
Dayton, OH 45479

**NEWS RELEASE**

For media information:

John Hourigan  
NCR Corporation  
(937) 445-2078  
[john.hourigan@ncr.com](mailto:john.hourigan@ncr.com)

For investor information:

Gregg Swearingen  
NCR Corporation  
(937) 445-4700  
[gregg.swearingen@ncr.com](mailto:gregg.swearingen@ncr.com)

**For Release on October 26, 2005**

### **NCR Board of Directors Expands Stock-Repurchase Program**

**DAYTON, Ohio** – NCR Corporation (NYSE: NCR) today announced that its board of directors has increased its existing stock-repurchase program, authorized by the board in 1999, by an additional \$500 million. The new authorization, coupled with the prior board actions, results in a total remaining buyback authorization of \$554 million. The company also has a program to use the proceeds from employee stock plans to repurchase NCR common shares.

“This increase in the company’s stock-repurchase program reflects the board of directors’ confidence in NCR’s ability to drive further profitability improvement,” said Pete Bocian, senior vice president and chief financial officer. “NCR’s strong balance sheet and increasing cash from operations provide us with the flexibility to drive incremental shareholder returns through systematic share-repurchase activity while continuing to invest for growth in our existing businesses.”

The stock will be repurchased periodically on an ongoing basis in the open market or through privately negotiated transactions at management’s discretion, in accordance with applicable securities rules regarding issuer repurchases.

#### ***About NCR Corporation***

NCR Corporation (NYSE: NCR) is a leading global technology company helping businesses build stronger relationships with their customers. NCR’s ATMs, retail systems, Teradata data warehouses and IT services provide Relationship Technology solutions that

- more -

maximize the value of customer interactions and help organizations create a stronger competitive position. NCR ([www.ncr.com](http://www.ncr.com)) is based in Dayton, Ohio.

###

NCR and Teradata are trademarks or registered trademarks of NCR Corporation in the United States and other countries.

**Note to Investors**

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, future economic performance and statements concerning analysts' earnings estimates, among other things. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially.

In addition to the factors discussed in this release, other risks and uncertainties include: the uncertain economic climate and its impact on the markets in general or on the ability of our suppliers to meet their commitments to us, or the timing of purchases (including upgrades to existing data warehousing solutions and retail point-of-service solutions) by our current and potential customers and other general economic and business conditions; the timely development, production or acquisition and market acceptance of new and existing products and services (such as self-checkout and electronic shelf-labeling technologies, ATM outsourcing and enterprise data warehousing), including our ability to accelerate market acceptance of new products and services; shifts in market demands, continued competitive factors and pricing pressures and their impact on our ability to improve gross margins and profitability, especially in our more mature offerings; short product cycles, rapidly changing technologies and maintaining competitive leadership position with respect to our solution offerings, particularly data warehousing technologies; tax rates; ability to execute our business and reengineering plans; turnover of workforce and the ability to attract and retain skilled employees, especially in light of recent cost-control measures taken by the company; availability and successful exploitation of new acquisition and alliance opportunities; changes in Generally Accepted Accounting Principles and the resulting impact, if any, on the company's accounting policies; continued efforts to establish and maintain best-in-class internal information technology and control

-more-



systems; and other factors detailed from time to time in the company's U.S. Securities and Exchange Commission reports and the company's annual reports to stockholders. The company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.