

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: October 14, 1998

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

MARYLAND
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

001-00395
(COMMISSION
FILE NUMBER)

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

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

Item 5. Other Events

The Registrant's news release dated October 14, 1998, with respect to its financial results for the quarter ended September 30, 1998, including condensed consolidated balance sheets as of September 30, 1998, and condensed consolidated statements of operations, consolidated revenue summary, and condensed consolidated statements of cash flows for the three and nine month periods ended September 30, 1998, is attached and incorporated herein by reference.

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

NCR Corporation

Date: October 15, 1998

By: /s/ David Bearman

David Bearman, Senior
Vice President and Chief
Financial Officer

News Release

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For Release on Wednesday October 14, 1998

NCR Reports Third-Quarter Earnings per Share of \$0.25;
Operating Profit of \$33 Million

Data Warehousing Order Growth Exceeds 80 Percent

DAYTON, Ohio -- Continuing its progress toward consistent profitability, NCR Corporation today announced net income of \$25 million, or \$0.25 per share, for the third quarter ended September 30, 1998, compared to a loss of \$0.09 per share in the year ago period. Operating income improved to \$33 million from an operating loss of \$16 million a year ago. The results exceeded consensus analyst expectations.

"We are continuing to make strong progress in executing our strategy as a solutions company," said NCR Chairman and CEO Lars Nyberg. "Almost all of the key barometers we use to monitor our business show steady improvement despite a weakening economic environment."

As we move toward further success in the fourth quarter, we intend to meet or exceed the expectations of our shareholders and the financial community.

"We are strengthening our revenue trends and gross margins, while improving our expense ratio and tax rate," Nyberg said. "We are winning share in the ATM business and, most importantly, the strength of data warehousing orders is indicative of NCR's expanding presence in this fast growing segment. We are not declaring victory yet, but we are clearly showing progress," he added.

Nyberg said that the recently announced availability of Teradata database on the Windows NT operating system will help expand NCR's data warehouses presence in this high-growth market segment. He added, "While we hope to see the economic conditions around the world improve, our results are dependent on far more than revenue growth. We still have a lot to do to fix our cost and expense structure and lower the tax rate."

This marks NCR's eleventh consecutive quarter of improved earnings per share compared to the prior year quarter. For the three quarters of 1998, operating income is up \$75 million to \$22 million versus a loss of \$53 million in 1997. Net income increased \$34 million from 1997's third quarter loss of \$9 million. Year-to-date, earnings per diluted share are \$0.71 versus a loss of \$0.28 per share a year ago.

Gross margin in the quarter, as a percentage of revenue, rose nearly one percentage point from 28.7 percent to 29.6 percent. For the year, gross margin is 29.0 percent of revenue as compared to 28.4 percent during the same period a year ago.

Revenue in the quarter was flat at \$1.555 billion, primarily because of the planned exit from selling commodity computer systems not included in a solution (down 18 percent from a year ago). On a local currency basis, revenue was up two percent. In dollar terms, total orders were up two percent compared to the same period last year and up four percent on a local currency basis.

Orders

Total NCR orders were up slightly compared to year-ago levels, and were negatively impacted two percentage points because of currency. Enterprise servers, computers and software used for data warehouses, recorded order growth in excess of eighty percent. Retail products and professional services orders exhibited strong growth. Offsetting these gains was a small decline in orders for financial products. As planned, other computer products orders declined more than

twenty-five percent. This product group includes many products NCR once sold in volume but today sells largely as a solution component. By geographic region, orders in the Americas and Europe/Middle East/Africa regions grew well. Orders in Japan and the Asia Pacific regions dropped significantly.

Revenue

Worldwide revenues were down one percent on a dollar reported basis but were up two percent on a local currency basis. Revenue growth was led by financial products. In addition, enterprise servers, professional services and customer services recorded revenue growth. Similar to orders, the largest decline in revenue for the quarter was in the other computer products group. In terms of NCR's operating segments, Financial and Retail industry revenues were up, while all the other industry segments were flat. On a geographic basis, revenue was up ten percent in the Americas and up two percent in Europe/Middle East/Africa, respectively, but down twenty-four percent in Japan and thirty percent in the Asia/Pacific region, respectively. The negative impact from currency translations included in these declines was eleven percentage points in Japan and thirteen percentage points in the Asia/Pacific regions.

Gross Margin

Total gross margin for NCR products and services increased nearly one percentage point to 29.6 percent from 28.7 percent in last year's third quarter. Products and systems gross margin increased 3.2 percentage points of revenue, while services gross margin decreased 1.7 percentage points of revenue. Gross margins were favorably impacted by the recent decision to reduce retiree health care coverage.

Expenses

Total expenses in the third quarter were \$428 million compared to \$465 million in the period a year ago, a decline of eight percent. Selling, general and administrative expenses were \$342 million, or 21.9 percent of revenue in the quarter, compared to \$368 million, or 23.5 percent of revenue a year ago. Research and development expenses were \$86 million, or 5.5 percent of revenue, versus \$97 million, or 6.2 percent of revenue, last year. As in gross margins, the favorable impact from reduced retiree health care coverage helped drive expenses lower.

Income Taxes

Income tax expense in the quarter was \$17 million, based on an annual effective tax rate of 45 percent, compared to \$2 million in the year ago period.

Balance Sheet

NCR ended the third quarter in a strong financial position with \$536 million in cash and short-term investments, down from \$1.129 billion at the end of 1997. This decrease was largely due to the purchase of the minority interest in NCR's Japanese subsidiary and a common stock repurchase program initiated in the second quarter of 1998. At this point, NCR has completed the \$200 million share buyback, purchasing 6.3 million shares at an average price of \$31.80. As of September 30, 1998, NCR had debt of \$108 million and total shareholders' equity of \$1.267 billion.

As of September 30, 1998, NCR employed 34,600 people worldwide, including contractors, a decline of 400 from the second quarter of 1998 and down 3,900 from the year ago level.

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

Financial Information

Detailed financial information regarding NCR's third quarter results is available on the Internet: <http://www.ncr.com>. NCR's senior vice president and Chief Financial Officer, David Bearman, will also discuss the company's financial performance in a taped broadcast.

Access is available beginning at 11:30 A.M. (EDT) today continuing until 5:00 P.M. (EDT) on October 16, 1998. The broadcast can be accessed by calling (402) 220-5185.

NOTE TO INVESTORS:

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This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions, and future financial performance. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially.

In addition to the factors discussed in this release, other risks and uncertainties include the timely development, production or acquisition, and market acceptance of new and existing products and services; shifts in market demands; continued competitive factors and pricing pressures; short product-cycles and rapidly changing technologies; turnover of workforce and the ability to attract and retain skilled employees; tax rates; ability to execute the company's business plan; general economic and business conditions; and other factors detailed from time to time in the company's Securities and Exchange Commission reports and the company's annual reports to stockholders. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

	For the Periods Ended September 30			
	Three Months		Nine Months	
	1998	1997	1998	1997
Revenue	\$1,555	\$1,563	\$4,438	\$4,597
Gross Margin	461	449	1,287	1,307
% of Revenue	29.6%	28.7%	29.0%	28.4%
Expenses	428	465	1,265	1,360
% of Revenue	27.5%	29.8%	28.5%	29.6%
Income (Loss) from Operations	33	(16)	22	(53)
% of Revenue	2.1%	-1.0%	0.5%	-1.2%
Interest and other income (expense), net	9	9	57	33
Non-recurring gain from asset disposition	-	-	55	-
Income (Loss) Before Income Taxes	42	(7)	134	(20)
Income tax expense	17	2	61	9
Net Income (Loss)	\$ 25	\$ (9)	\$ 73	\$ (29)
% of Revenue	1.6%	-0.6%	1.7%	-0.6%
Net Income (Loss) per Common Share				
Basic	\$ 0.25	\$ (0.9)	\$ 0.72	\$(0.28)
Diluted	\$ 0.25	\$ (0.9)	\$ 0.71	\$(0.28)
Weighted Average Common Shares Outstanding				
Basic	99.9	102.5	101.9	102.0
Diluted	100.7	102.5	102.9	102.0

Excluding the non-recurring gain, year-to-date net income is \$43 million and diluted EPS is \$0.42.

NCR CORPORATION
CONSOLIDATED REVENUE SUMMARY
(Unaudited)
(in millions)

For the Periods Ended September 30

	Three Months		Nine Months	
	1998	1997	1998	1997
	By Product Line			
Retail Products	\$ 116	\$ 121	\$ 315	\$ 334
Financial Products	260	230	719	679
Enterprise Servers	125	120	300	294
Other Computer Products	219	268	651	797
Systemedia	120	120	358	367
Customer Support Services	529	525	1,568	1,572
Professional Services	147	142	416	429
Other Products & Services	39	37	111	125
Total Revenues	<u>\$1,555</u>	<u>\$1,563</u>	<u>\$4,438</u>	<u>\$4,597</u>

For the Periods Ended September 30

	Three Months		Nine Months	
	1998	1997	1998	1997
	By Industry/Customer Served			
Retail Industry	\$ 348	\$ 345	\$ 972	\$ 972
Financial Industry	696	665	1,951	1,943
National Accounts Solutions Group	359	359	1,032	1,085
Systemedia	120	120	358	367
Other	32	74	125	230
Total Revenues	<u>\$1,555</u>	<u>\$1,563</u>	<u>\$4,438</u>	<u>\$4,597</u>

NCR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	September 30 1998	December 31 1997	September 30 1997
	----- (Unaudited)	-----	----- (Unaudited)
Assets			
Current assets			
Cash and short-term investments	\$ 536	\$1,129	\$1,027
Accounts receivable, net	1,485	1,471	1,363
Inventories	458	489	540
Other current assets	168	182	236
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Total Current Assets	2,647	3,271	3,166
Property, plant and equipment, net	1,089	1,106	1,118
Other assets	1,089	916	841
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Total Assets	\$4,825	\$5,293	\$5,125
	=====	=====	=====
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term borrowings	\$ 75	\$ 59	\$ 69
Accounts payable	293	378	300
Other current liabilities	1,484	1,527	1,485
	-----	-----	-----
Total Current Liabilities	1,852	1,964	1,854
Long-term debt	33	35	36
Other long-term liabilities	1,673	1,941	1,877
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Total Liabilities	3,558	3,940	3,767
Total Shareholders' Equity	1,267	1,353	1,358
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Total Liabilities and Shareholders' Equity	\$4,825	\$5,293	\$5,125
	=====	=====	=====

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

For the Periods Ended September 30

	Three Months		Nine Months	
	1998	1997	1998	1997
Operating Activities				
Net income (loss)	\$ 25	\$ (9)	\$ 73	\$ (29)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	90	92	274	278
Net gain on sales of assets	-	-	(55)	-
Changes in operating assets and liabilities:				
Receivables	(13)	83	(6)	94
Inventories	(7)	(23)	(56)	(101)
Other	(129)	(193)	(357)	(218)
Net Cash Provided by (Used In)Operating Activities	(34)	(50)	(127)	24
Investing Activities				
Short-term investments, net	84	63	150	(214)
Expenditures for service parts and property, plant, and equipment	(95)	(66)	(243)	(215)
Acquisition of minority interest in subsidiary	-	-	(271)	-
Proceeds from sales of facilities and other assets	-	-	172	-
Other investing activities	1	(6)	26	9
Net Cash Provided by (Used in) Investing Activities	(10)	(9)	(166)	(420)
Financing Activities				
Treasury stock acquired	(122)	-	(200)	-
Short-term borrowings, net	6	13	16	41
Long-term debt, net	-	0	(2)	(12)
Other financing activities	5	11	44	29
Net Cash Provided by (Used in) Financing Activities	(111)	24	(142)	58
Effect of exchange rate changes on cash and cash equivalents	5	(31)	(8)	(52)
Increase (Decrease) in Cash and Cash Equivalents	(150)	(66)	(443)	(390)
Cash and Cash Equivalents at Beginning of Period	593	839	886	1,163
Cash and Cash Equivalents at End of Period	\$ 443	\$(773)	\$ 443	\$ 773