

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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): July 25, 2006**

**NCR CORPORATION**

(Exact Name of Registrant Specified in Charter)

**Commission File Number 001-00395**

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**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:

- 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.**

### *Adoption of Forms of Equity Award Agreements*

At its meeting on July 25, 2006, the Compensation and Human Resource Committee (the "Committee") of the Board of Directors of NCR Corporation ("NCR" or the "Company") approved the forms of restricted share agreement, performance based restricted share agreement and stock option agreement to be used in connection with awards made under NCR's 2006 Stock Incentive Plan (the "SIP") through December 31, 2006. The restricted share agreement will be used in connection with all restricted share grants awarded under the SIP, other than performance based restricted share grants. The performance-based restricted share agreement will be used in connection with all performance based restricted share grants awarded under the SIP. The stock option agreement will be used in connection with all stock option grants awarded under the SIP. Copies of the forms of restricted share agreement, performance based restricted share agreement and stock option agreement are attached hereto as Exhibits 10.1, 10.2 and 10.3, respectively, and hereby incorporated by reference in this Item 1.01.

### *Amendment of Letter Agreement with William Nuti*

On July 26, 2006 NCR entered into an agreement with William R. Nuti, President and Chief Executive officer of NCR, amending the letter agreement dated July 29, 2005 between Mr. Nuti and NCR. The July 26, 2006 amendment, among other things, eliminates the requirement in the letter agreement that Mr. Nuti relocate and deletes certain related provisions concerning, among other things, forfeiture of certain restricted stock grants if he fails to move. The amendment continues for the duration of Mr. Nuti's employment the travel and living allowance arrangements that were to be in effect until such move. A copy of the July 26, 2006 amendment is attached hereto as Exhibit 10.4 and hereby incorporated by reference in this Item 1.01.

## **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 July 27, 2006, the Company issued a press release announcing its second-quarter 2006 revenue, operating income and earnings per share amounts. The Company also provided revenue and earnings per share forecasts for the 2006 fiscal year. A copy of the press release is furnished as Exhibit 99.1 of 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 No.</u>	<u>Description of Exhibit</u>
10.1	Form of Restricted Share Agreement under 2006 Stock Incentive Plan.
10.2	Form of Restricted Share Agreement for Performance Based Restricted Shares under 2006 Stock Incentive Plan.
10.3	Form of Stock Option Agreement under 2006 Stock Incentive Plan.
10.4	Letter Agreement dated July 26, 2006 with William R. Nuti.
99.1	Press Release dated July 27, 2006.

**SIGNATURE**

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 hereunto duly authorized.

**NCR Corporation**

Dated: July 27, 2006

By: /s/ Nelson F. Greene  
Nelson F. Greene  
Assistant Secretary

## Index to Exhibits

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10.4	Letter Agreement dated July 26, 2006 with William R. Nuti.
99.1	Press Release dated July 27, 2006.

**2006 Restricted Share Agreement  
NCR Stock Incentive Plan**

You have been awarded a number of restricted shares of NCR common stock (the "Restricted Shares") under the NCR Stock Incentive Plan (the "Plan") of NCR Corporation ("NCR") as listed on the restricted share grant information page on the restricted share website ("Information Page"), subject to the terms and conditions of this agreement and the Plan.

1. The Restricted Shares will become nonforfeitable ("Vested") as noted on the Information Page, provided that you are continuously employed by NCR or any of its Affiliate companies (referred to collectively herein as "NCR") until the vesting date.]
2. Shares will become fully Vested if, prior to your Vesting Date, you (i) die while actively employed by NCR, or (ii) cease to be actively employed by NCR because you qualify for benefits under the NCR Long Term Disability Plan or another long term disability plan sponsored by NCR ("Disability").
3. A pro rata portion of the Shares will become fully Vested if, prior to your Vesting Date, you (i) terminate employment with NCR due to retirement (defined as termination at or after age 55), or (ii) cease to be actively employed by NCR due to reduction-in-force. The pro rata portion will be determined by multiplying the total number of Restricted Shares by a fraction, the numerator of which is the number of full and partial months of employment after the grant date; and the denominator of which is the number of months of the vesting period. If your employment terminates prior to the Vesting Date for any reason other than death, disability, retirement or reduction-in-force, the Restricted Shares will be terminated.
4. By signing this agreement, you agree to keep this agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Restricted Shares will be forfeited if you fail to keep this agreement confidential.
5. Promptly after the award date, NCR will instruct its Transfer Agent and Stock Registrar to create a record account for you credited with the number of Restricted Shares, subject to the restrictions described in this agreement.
6. You will be the record owner of the Restricted Shares until such shares are forfeited, and as the record owner you will be entitled to all rights of a common shareholder of NCR, including without limitation, voting rights and rights to cash and in-kind dividends, if any, on the Restricted Shares; provided, however, that the right to dividends will be subject to paragraph 8 below. As soon as practicable after your Vesting Date, subject to paragraph 9 below, NCR will instruct its Transfer Agent and Stock Registrar to release the restrictions on your record account and the Restricted Shares will become freely transferable.
7. At all times before your Vesting Date, the Restricted Shares may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death.

8. Any cash dividends declared before your Vesting Date on the Restricted Shares shall not be paid currently, but shall be reinvested in common shares of NCR. Any shares resulting from such reinvestment (the "Dividend Shares") will be considered Restricted Shares for purposes of this agreement and will be subject to all of its provisions. As of each dividend payment date, the number of Dividend Shares will be determined by dividing the amount of dividends otherwise attributable to the Restricted Shares but not paid on such date by the average of the high and low per share price of NCR's common stock on the dividend payment date. The Compensation Committee of the NCR Board of Directors ("Committee") may, in its discretion, take such action as it deems appropriate regarding in-kind dividends or distributions with respect to the Restricted Shares prior to your Vesting Date, which actions may include, without limitation, current distribution or liquidation or reinvestment in Restricted Shares. Any securities or property so distributed may, in the Committee's discretion, be subject to any or all of the forfeiture provisions set forth in this Agreement.

9. NCR will have the right to deduct or cause to be deducted from, or collect or cause to be collected with respect to the taxation of any Restricted Shares, any country, Federal, state or local taxes required by law to be withheld or paid with respect to such Restricted Shares and you or your legal representative or beneficiary will be required to pay any such amounts. By signing this agreement, you consent and direct that, if you are paid through NCR's U.S. payroll system at the time the restricted stock vests, NCR's stock plan administrator will withhold the number of shares of restricted stock from your award as NCR in its sole discretion deems necessary to satisfy such withholding requirements. If you are paid through a non-U.S. NCR payroll system, you agree that NCR may satisfy any withholding obligations by withholding cash from your compensation otherwise due to you or by any other action as it may deem necessary to satisfy the withholding obligation.

10. By accepting the Restricted Shares, you agree that, where permitted by local law, any controversy or claim related to your employment relationship with NCR shall be resolved by first exhausting any NCR internal dispute resolution process and policy, and then by arbitration pursuant to such policy. If you are employed in the U.S., the arbitration shall be pursuant to the NCR dispute resolution policy and then current rules of the American Arbitration Association and shall be held in Dayton, Ohio. If you are employed outside the U.S., where permitted by local law, the arbitration shall be conducted in the headquarters city of the business unit in which you work. The arbitration shall be held before an arbitrator who is an attorney knowledgeable in employment law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction thereof. For arbitration held in the U.S., 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 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 for an arbitration held in the U.S., or similar applicable rules for an arbitration held outside the U.S. 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.

11. The Restricted Shares will be forfeited if the Committee determines that you engaged in misconduct in connection with your employment.

12. Where permitted by local law, in exchange for the Restricted Shares, you agree that during your employment with NCR and for a period of twelve (12) months after your termination of employment for any reason, you will not, without the prior written consent of the Chief Executive Officer of NCR, (1) render services directly or indirectly to any Competing Organization (as defined below) involving the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service upon which you worked or in which you participated during the last two years of your NCR employment; (2) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR to terminate his/her employment with or otherwise cease his/her relationship with NCR; or (3) canvass or solicit business with any firm or company with which you worked during the preceding two years while employed by NCR, including customers of NCR. If you breach the terms of this paragraph 12, in addition to recovering damages for breach, any unvested Restricted Shares will be immediately forfeited, and you agree to pay to NCR the fair market value of any Restricted Shares that vested during the 12 months prior to the date of your termination of employment. Such fair market value shall be determined as of the Vesting Date.

As used in this paragraph 12, "Competing Organization" means an organization identified by the Chief Executive Officer of NCR as a Competing Organization for the year in which your employment with NCR terminates, and any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers.

You understand that if you breach this section, NCR may sustain irreparable injury and may not have an adequate remedy at law. As a result, you agree that in the event of your breach of this section, NCR may, in addition to any other remedies available to it, bring an action or actions for injunction, specific performance, or both, and have entered a temporary restraining order, preliminary or permanent injunction, or order compelling specific performance.

13. You may designate one or more beneficiaries to receive all or part of any Restricted Shares to be distributed in case of your death, and you may change or revoke such designation at any time. In the event of your death, any Restricted Shares distributable hereunder that are subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this agreement. Any other Restricted Shares will be distributable to your estate. If there shall be any question as to the legal right of any beneficiary to receive a distribution hereunder, the Restricted Shares in question may be transferred to your estate, in which event NCR will have no further liability to anyone with respect to such Restricted Shares.

14. The terms of this award of Restricted Shares as evidenced by this agreement may be amended by the NCR Board of Directors or the Committee, provided that no such amendment shall impair your rights hereunder without your consent.

**2006 Restricted Share Agreement**  
**Performance Based Restricted Shares**  
**NCR Stock Incentive Plan**

You have been awarded a number of restricted shares of NCR common stock (the “Restricted Shares”) under the NCR Stock Incentive Plan (the “Plan”) of NCR Corporation (“NCR”) as listed on the restricted share grant information page on the restricted share website, subject to the terms and conditions of this agreement and the Plan.

1. All or a portion of the Restricted Shares will become nonforfeitable (“Vested”) on the third anniversary of the award date (“Vesting Date”), provided that you are continuously employed by NCR or any of its Affiliate companies (referred to collectively herein as “NCR”) until the vesting date, and provided that the applicable performance measures as described in paragraph 2 are met.
2. The number of Restricted Shares that will vest on the Vesting Date will depend on NCR’s achievement of Cumulative Net Operating Profit (as defined below) for the period from January 1, 2006 through December 31, 2008 (“CNOP”), as follows:

<u>Cumulative Net Operating Profit</u>	<u>% of Shares Earned</u>
Threshold	25%
Target	100%
Maximum	150%

For amounts of CNOP between Threshold and Target, straight line interpolation, rounded up to the next whole share, will be used to determine the number of Restricted Shares vested. The amount of CNOP at Threshold, Target and Maximum levels will be determined by the Compensation & Human Resource Committee of the NCR Board of Directors, and will be communicated in your award letter.

CNOP is defined as  $(A - (B \text{ times } C))$ , where A equals Non-Pension Operating Income as currently reported by NCR for each quarterly reporting period during the performance period; B equals controllable capital, which is defined as working capital (accounts receivable plus inventory minus accounts payable minus deferred revenue minus customer deposits), plus the sum of PP&E, other current assets excluding taxes, and capitalized S/W, minus the sum of payroll and employee benefits plus other current liabilities excluding taxes and severance (FAS 112 liability); and C equals 10%, which approximates the Company’s weighted average cost of capital.

3. If CNOP exceeds Target, additional shares of NCR common stock (“Additional Shares”) will be issued to you, effective as of the Vesting Date. The number of Additional Shares will be determined as a percentage of the number of shares in your initial award, with 0% at Target and 50% at Maximum, with straight line interpolation, rounded up to the next whole share, for amounts of CNOP between Target and Maximum.



4. Notwithstanding any other provision of this agreement, the Restricted Shares will vest and Additional Shares will be issued only if NCR achieves a Return on Capital goal for the 2006-2008 cycle of 40%.

5. If your employment with NCR terminates prior to the Vesting Date due to (i) your death, (ii) your Disability (defined as ceasing to be actively employed by NCR because you qualify for benefits under the NCR Long Term Disability Plan or another long term disability plan sponsored by NCR), (iii) Retirement (defined as termination of employment at or after age 55) or (iv) reduction-in-force, then, on the Vesting Date, and based upon the actual results of CNOP, a pro rata amount of the Restricted Shares will Vest, and a pro rata amount of Additional Shares will be issued, if applicable. The pro rata portion will be determined by calculating the total number of shares you would have received (through vesting of Restricted Shares and issuance of Additional Shares) if your NCR employment had not terminated, and multiplying this amount by a fraction, the numerator of which is the number of full and partial months of employment after the grant date, and the denominator of which is 36. If your employment terminates prior to the Vesting Date for any reason other than death, Disability, Retirement, or reduction-in-force, the Restricted Shares will be terminated and no Additional Shares will be issued.

6. By signing this agreement, you agree to keep this agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Restricted Shares will be forfeited if you fail to keep this agreement confidential.

7. Promptly after the award date, NCR will instruct its Transfer Agent and Stock Registrar to create a record account for you credited with the number of Restricted Shares, subject to the restrictions described in this agreement.

8. You will be the record owner of the Restricted Shares until such shares are forfeited, and as the record owner you will be entitled to all rights of a common shareholder of NCR, including without limitation, voting rights and rights to cash and in-kind dividends, if any, on the Restricted Shares; provided, however, that the right to dividends will be subject to paragraph 10 below. As soon as practicable after your Vesting Date, subject to paragraph 11 below, NCR will instruct its Transfer Agent and Stock Registrar to release the restrictions on your record account and the Restricted Shares will become freely transferable.

9. At all times before your Vesting Date, the Restricted Shares may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death.

10. Any cash dividends declared before your Vesting Date on the Restricted Shares shall not be paid currently, but shall be reinvested in common shares of NCR. Any shares resulting from such reinvestment (the "Dividend Shares") will be considered Restricted Shares for purposes of this agreement and will be subject to all of its provisions. As of each dividend payment date, the number of Dividend Shares will be determined by dividing the amount of dividends otherwise attributable to the Restricted Shares but not paid on such date by the

average of the high and low per share price of NCR's common stock on the dividend payment date. The Compensation Committee of the NCR Board of Directors ("Committee") may, in its discretion, take such action as it deems appropriate regarding in-kind dividends or distributions with respect to the Restricted Shares prior to your Vesting Date, which actions may include, without limitation, current distribution or liquidation or reinvestment in Restricted Shares. Any securities or property so distributed may, in the Committee's discretion, be subject to any or all of the forfeiture provisions set forth in this Agreement.

11. NCR will have the right to deduct or cause to be deducted from, or collect or cause to be collected with respect to the taxation of any Restricted Shares, any country, Federal, state or local taxes required by law to be withheld or paid with respect to such Restricted Shares and you or your legal representative or beneficiary will be required to pay any such amounts. By signing this agreement, you consent and direct that, if you are paid through NCR's U.S. payroll system at the time the restricted stock vests, NCR's stock plan administrator will withhold the number of shares of restricted stock from your award as NCR in its sole discretion deems necessary to satisfy such withholding requirements. If you are paid through a non-U.S. NCR payroll system, you agree that NCR may satisfy any withholding obligations by withholding cash from your compensation otherwise due to you or by any other action as it may deem necessary to satisfy the withholding obligation.

12. By accepting the Restricted Shares, you agree that, where permitted by local law, any controversy or claim related to your employment relationship with NCR shall be resolved by first exhausting any NCR internal dispute resolution process and policy, and then by arbitration pursuant to such policy. If you are employed in the U.S., the arbitration shall be pursuant to the NCR dispute resolution policy and then current rules of the American Arbitration Association and shall be held in Dayton, Ohio. If you are employed outside the U.S., where permitted by local law, the arbitration shall be conducted in the headquarters city of the business unit in which you work. The arbitration shall be held before an arbitrator who is an attorney knowledgeable in employment law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction thereof. For arbitration held in the U.S., 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 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 for an arbitration held in the U.S., or similar applicable rules for an arbitration held outside the U.S. 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.

13. The Restricted Shares will be forfeited if the Committee determines that you engaged in misconduct in connection with your employment.

14. Where permitted by local law, in exchange for the Restricted Shares, you agree that during your employment with NCR and for a period of twelve (12) months after your termination of employment for any reason, you will not, without the prior written consent of the Chief Executive Officer of NCR, (1) render services directly or indirectly to any Competing Organization (as defined below) involving the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service upon

which you worked or in which you participated during the last two years of your NCR employment; (2) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR to terminate his/her employment with or otherwise cease his/her relationship with NCR; or (3) canvass or solicit business with any firm or company with which you worked during the preceding two years while employed by NCR, including customers of NCR. If you breach the terms of this paragraph 14, in addition to recovering damages for breach, any unvested Restricted Shares will be immediately forfeited, and you agree to pay to NCR the fair market value of any Restricted Shares that vested and Additional Shares that were issued during the 12 months prior to the date of your termination of employment. Such fair market value shall be determined as of the Vesting Date.

As used in this paragraph 14, "Competing Organization" means an organization identified by the Chief Executive Officer of NCR as a Competing Organization for the year in which your employment with NCR terminates, and any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers.

You understand that if you breach this section, NCR may sustain irreparable injury and may not have an adequate remedy at law. As a result, you agree that in the event of your breach of this section, NCR may, in addition to any other remedies available to it, bring an action or actions for injunction, specific performance, or both, and have entered a temporary restraining order, preliminary or permanent injunction, or order compelling specific performance.

15. You may designate one or more beneficiaries to receive all or part of any Restricted Shares to be distributed in case of your death, and you may change or revoke such designation at any time. In the event of your death, any Restricted Shares distributable hereunder that are subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this agreement. Any other Restricted Shares will be distributable to your estate. If there shall be any question as to the legal right of any beneficiary to receive a distribution hereunder, the Restricted Shares in question may be transferred to your estate, in which event NCR will have no further liability to anyone with respect to such Restricted Shares.

16. The terms of this award of Restricted Shares as evidenced by this agreement may be amended by the NCR Board of Directors or the Committee, provided that no such amendment shall impair your rights hereunder without your consent.

**2006 Stock Option Agreement**  
**NCR Stock Incentive Plan**  
**(Non-Statutory Stock Option)**

You have been granted an option (the "Option") under the NCR Stock Incentive Plan (the "Plan") of NCR Corporation ("NCR") to purchase from NCR a number of common shares of NCR ("Shares") at the price per Share as listed on the stock option information page on the stock option plan website, subject to the terms and conditions of this agreement and the Plan.

1. Your right to exercise this Option will expire ten (10) years from the grant date, unless sooner terminated due to your termination of employment as described below. If the expiration date falls on a Saturday, Sunday or holiday, it will be deemed to occur on the next following business day.
2. This Option will vest and may be exercised at any time prior to its expiration as follows: 25% (rounded down to the nearest whole share) of the Option Shares on the first anniversary of the grant date; an additional installment of 25% (rounded down to the nearest whole share) of the Option Shares on the second and third anniversaries of the grant date, and on the fourth anniversary of the grant date, this Option will be fully vested and exercisable; provided, however, that you are continuously employed by NCR or any of its Affiliate companies (referred to collectively herein as "NCR") until the vesting dates. In the event your employment terminates prior to the fourth anniversary of the date of grant, this Option shall terminate with respect to the unvested installments, except as provided below.
3. This Option will vest in full if you (i) die while actively employed by NCR; or (ii) cease to be actively employed by NCR because you qualify for benefits from the NCR Long Term Disability Plan or another long term disability plan sponsored by NCR ("Disability"). In such cases, the Option may be exercised during the one-year period following the date of death or Disability, regardless of the expiration date of the Option. If death or Disability occurs on or after attainment of age 55, the Option may be exercised until the earlier of (a) the three-year period following death or Disability, or (b) the expiration date of the Option, but in no event earlier than one year following the date of death or Disability.
4. If you terminate employment with NCR due to Retirement, as defined below, the unvested portion of this Option will terminate and the vested portion may be exercised until the earlier of (a) the expiration of the three year period following your termination date, or (b) the expiration date of the Option. For purposes of this paragraph, "Retirement" means termination of employment at or after age 55.
5. Upon the occurrence of a Change in Control, as defined in the Plan, if the continuing company assumes or replaces this Option, the Option will continue according to its terms. In such case, if you are involuntarily terminated other than for Cause or

voluntarily terminated for Good Reason within two years after the Change in Control, this Option will vest in full and be exercisable until the later of (1) the last date on which it would be exercisable in the absence of the Change in Control, and (2) the first anniversary of termination of employment, but in either case no later than the expiration date of the option. If the continuing company does not assume or replace this Option, it will vest in full upon the Change in Control. Upon a Change in Control, the Compensation & Human Resource Committee of the Board of Directors (the "Committee") in its discretion may (1) terminate this Option after providing advance notice to exercise the vested and unvested portion, or (2) cash out this Option, as provided in the Plan. This paragraph 5 is a summary of the Change in Control provisions of the Plan, and other provisions of the Plan may apply and will prevail.

6. If your NCR employment is involuntarily terminated for Cause, as defined in the Plan, this Option will be forfeited.

7. If you terminate from NCR for any other reason, including reduction-in-force, the unvested portion of this Option will terminate and the vested portion may be exercised through the 59<sup>th</sup> day after your date of termination of employment, or the expiration date, if earlier.

8. If you die during employment or after termination of employment but while this Option remains exercisable, this Option will be exercisable by your beneficiary or heir for one year after the date of death, regardless of the expiration date of the Option.

9. This Option will be cancelled if the Committee determines that you engaged in misconduct in connection with your employment.

10. This Option shall be exercised in accordance with procedures established by the administrator of NCR's stock option program, including broker-assisted cashless exercises. In countries where deemed mandatory, upon exercise, the purchase price will be paid by simultaneous sale of the shares exercised, in such a manner that the optionee is not subject to taxation upon grant of the option award. Any taxes required by law to be withheld or paid with respect to exercise of this Option shall be deducted from the proceeds of the Option exercise. If NCR or the administrator of the stock option program is unable to withhold required taxes from the proceeds of the exercise, you or your legal representative or beneficiary will be required to pay such amounts, and NCR may take any action necessary to satisfy such obligation, including but not limited to withholding cash from your compensation otherwise due to you, or withholding from the shares such numbers of Shares as it, in its sole discretion, shall determine to be required to satisfy such withholding requirements.

11. Within a reasonable period after the Option is exercised, NCR will instruct its Transfer Agent and Stock Registrar to credit you or your successor with the number of Shares with respect to which you exercised the Option. Neither you nor your legal representative shall be, or have any of the rights and privileges of, a stockholder of NCR in respect of any Shares purchasable upon the exercise of this Option, in whole or in part, unless and until the Company credits you with such Shares.

12. This Option is not transferable by you otherwise than by beneficiary designation, will or the laws of descent and distribution, and during your lifetime the Option may be exercised only by you or your guardian or legal representative.

13. You may designate one or more beneficiaries to receive all or part of this Option in case of your death, and you may change or revoke such designation at any time. In the event of your death, any portion of this Option that is subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this agreement. Any other portion of this Option shall be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the Shares in question may be purchased by and distributed to your estate, in which event NCR shall have no further liability to anyone with respect to such Shares.

14. In exchange for this Option, you agree that during your employment with NCR and for a period of twelve (12) months after termination of your NCR employment for any reason, you will not, without the prior written consent of the Chief Executive Officer of NCR, (1) render services directly or indirectly to any Competing Organization (as defined below) involving the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service upon which you worked or in which you participated during the last two years of your NCR employment; (2) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR to terminate his/her employment with or otherwise cease his/her relationship with NCR; or (3) canvass or solicit business with any firm or company with which you worked during the preceding two years while employed by NCR, including customers of NCR. If you breach the terms of this paragraph 14, in addition to recovering damages for breach, this Option will be immediately cancelled, and you agree to pay to NCR the difference between the exercise price and the fair market value on the date of exercise of any shares received in connection with the exercise of this Option on or after the date which is 12 months prior to the date of the breach.

As used in this paragraph 14, "Competing Organization" means an organization identified by the Chief Executive Officer of NCR at the beginning of the year in which your employment with NCR terminates as a Competing Organization, and any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers.

You understand that if you breach this section, NCR may sustain irreparable injury and may not have an adequate remedy at law. As a result, you agree that in the event of your breach of this section, NCR may, in addition to any other remedies available to it, bring an action or actions for injunction, specific performance, or both, and have entered a temporary restraining order, preliminary or permanent injunction, or order compelling specific performance.

15. By accepting this Option, you agree that, where permitted by local law, any controversy or claim related to your employment relationship with NCR shall be resolved by first exhausting any NCR internal dispute resolution process and policy, and then by arbitration pursuant to such policy. If you are employed in the U.S., the arbitration shall be pursuant to the NCR dispute resolution policy and then current rules of the American Arbitration Association and shall be held in Dayton, Ohio. If you are employed outside the U.S., where permitted by local law, the arbitration shall be conducted in the headquarters city of the business unit in which you work. The arbitration shall be held before an arbitrator who is an attorney knowledgeable in employment law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction thereof. For arbitration held in the U.S., 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 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 for an arbitration held in the U.S., or similar applicable rules for an arbitration held outside the U.S. 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.

16. The terms of this Option as evidenced by this agreement may be amended by the NCR Board of Directors or its Compensation Committee, provided that no such amendment shall impair your rights hereunder without your consent.



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1700 S. Patterson Boulevard  
Dayton, OH 45479-0001

July 26, 2006

Mr. William R. Nuti  
NCR Corporation  
1700 South Patterson Boulevard  
Dayton, OH 45479

Dear Mr. Nuti:

This will confirm that the paragraph captioned "**Relocation**" of the letter agreement between us dated July 29, 2005 is amended to: (a) delete the first four sentences and the first six words of the fifth sentence; (b) to substitute "NCR" for the words "the Company" at the beginning of the fifth sentence as amended by clause (a) hereof; and (c) to delete the words beginning with "from" and ending with "(the **Relocation Period**)" in clause (ii) of the fifth sentence. In addition, the paragraph captioned "**Travel Expenses and Benefits**" of such letter agreement is amended to: (w) insert the words ", subject to the terms of the prior paragraph," after the first use of the word "and" in the first sentence of such paragraph; (x) delete the second sentence and the first four words of the third sentence of such paragraph; (y) capitalize the first use of the word "you" in the third sentence; and (z) delete the words following the second semicolon in the third sentence of such paragraph.

Sincerely,

NCR Corporation

/s/ Linda Fayne Levinson

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Linda Fayne Levinson

Chair, NCR Compensation and Human Resource Committee

Agreed and accepted

This 26th day of July 2006

/s/ William R. Nuti

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William R. Nuti





Transforming Transactions  
into Relationships

1700 South Patterson Boulevard  
Dayton, OH 45479

NEWS RELEASE

For media information:

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

For investor information:

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

**For Release on July 27, 2006**

### Revenue Growth Drives NCR's Second-Quarter Results

- **Teradata Data Warehousing revenue increased 11 percent**
- **Financial Self Service revenue up 6 percent**
- **Retail Store Automation revenue up 5 percent**
- **Customer Service profitability improved 300 basis points on flat revenue**
- **NCR reaffirms prior guidance for full-year earnings per share**

**DAYTON, Ohio** – NCR Corporation (NYSE: NCR) today reported revenue of \$1.53 billion and earnings of \$0.42 per diluted share for the quarter ended June 30, 2006. The 4 percent increase in revenue from the second quarter of 2005 included minimal impact from currency fluctuations.

NCR reported second-quarter net income of \$78 million, or \$0.42 per diluted share, which included \$6 million, or \$0.02 per diluted share, of incremental expense related to stock-based compensation. This compares to \$127 million of net income, or \$0.67 per diluted share, reported in the second quarter of 2005. Results for the second quarter of 2005 included \$64 million of benefit from the resolution of prior-year tax audits, \$19 million of non-cash incremental pension expense associated with an early-retirement program offered in NCR's Customer Services business, as well as \$9 million of net benefit from other non-operational items described below. Excluding these items, NCR's earnings per share in the second quarter of 2005 was \$0.37.<sup>(1)</sup>

"Revenue growth in NCR's data warehousing, financial and retail segments shows good demand for our products, while our overall profitability continues to improve as we implement operational enhancements," said Bill Nuti, president and chief executive officer of NCR.

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“Our Customer Services business is clearly showing the benefits of our efforts to both drive a higher proportion of revenue from servicing NCR-branded products and to make our services infrastructure more efficient. This work continues, along with other targeted initiatives focused on improving growth and profitability across all of our businesses.”

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

**Teradata Data Warehousing**

NCR's Teradata Data Warehousing segment reported second-quarter revenue of \$399 million, an increase of 11 percent from the second quarter of 2005. Operating income of \$86 million, or 22 percent of revenue, increased \$10 million from the second quarter of 2005. The year-over-year profit improvement primarily resulted from higher revenue which more than offset increased investment in sales and demand-creation resources.

**Financial Self Service (ATMs)**

The Financial Self Service segment generated second-quarter revenue of \$343 million, up 6 percent from the second quarter of 2005. Operating income of \$31 million was down from \$43 million generated in the second quarter of 2005. Although the current price environment appears to be improving, NCR was not able to offset price erosion with sufficient cost reduction, in large part due to higher manufacturing-related costs as the company realigns its manufacturing footprint and supply chain.

**Retail Store Automation**

Retail Store Automation revenue of \$221 million was up 5 percent from the second quarter of 2005. Operating income of \$8 million compared favorably to \$6 million in the second quarter of 2005, largely due to higher revenue.

**Customer Services**

Customer Services revenue of \$457 million was unchanged from the second quarter of 2005, but operating income increased from \$8 million to \$25 million. The 300-basis point improvement in operating margin, to 5 percent of revenue, was driven by continued structural changes designed to optimize efficiency and an improving revenue mix. In particular, NCR is successfully increasing the mix of revenues from the service of NCR-branded products while reducing lower-margin revenues associated with servicing third-party products.

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**Other Items**

Also included in the results was \$1 million of Other Expense, versus \$6 million of Other Income reported in the second quarter of 2005. The second quarter of 2005 included a \$15 million gain from a real-estate transaction, of which \$6 million was used to provide multiyear funding of NCR's charitable foundation for reinvestment back into its local communities.

NCR's tax rate in the second quarter of 2006 was 23 percent, which was slightly higher than the expected 22 percent tax rate, due to the mix of profits and losses by country in the quarter. This compares to the 20 percent effective rate in the second quarter of 2005, which excluded the \$64 million benefit from the resolution of prior-year tax audits.<sup>(1)</sup> NCR continues to expect its 2006 full-year tax rate to be 22 percent.

**Cash Flow**

During the second quarter, NCR generated \$134 million of cash from operations, a \$37 million decrease from the prior-year period. Capital expenditures in the second quarter of 2006 were \$47 million, compared to \$38 million of capital expenditures in the year-ago period. NCR generated \$87 million of free cash flow (cash from operations less capital expenditures) in the second quarter of 2006 versus generating \$133 million in the year-ago period.<sup>(3)</sup> Higher revenues and the timing of transactions, as well as a moderate increase in capital expenditures, affected the year-over-year comparison.

Expenditures for reworkable service parts, previously included in "capital expenditures," are now included in "cash provided by operating activities."<sup>(4)</sup>

	<b>For the period ended June 30</b>			
	<b>Three Months</b>		<b>Six Months</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Cash provided by operating activities (GAAP)<sup>(3)</sup></b>	\$134	\$171	\$146	\$163
<u>Less</u> capital expenditures for:				
Expenditures for property, plant and equipment	(23)	(17)	(38)	(32)
Additions to capitalized software	(24)	(21)	(44)	(37)
<b>Total capital expenditures</b>	<b>(47)</b>	<b>(38)</b>	<b>(82)</b>	<b>(69)</b>
Free cash flow (non-GAAP measure) <sup>(3)</sup>	\$ 87	\$133	\$ 64	\$ 94

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**Balance Sheet**

NCR ended the second quarter with \$747 million in cash, cash equivalents and short-term investments, roughly the same as the \$746 million balance on March 31, 2006. Cash used for share repurchase activity, net of proceeds from option exercises, basically offset free cash flow generated in the second quarter.

As of June 30, 2006, NCR had short- and long-term debt of \$307 million, unchanged from March 31, 2006.

NCR repurchased approximately 2.5 million shares of NCR common stock for \$98 million during the second quarter. The company has approximately \$353 million authorized for future share repurchases.

**2006 Outlook**

NCR is confirming its prior earnings guidance for 2006 while slightly increasing its expectation for revenue, largely due to currency fluctuations.

NCR continues to expect GAAP earnings per share to be \$1.81 to \$1.86 in 2006, which includes approximately \$0.10 of incremental stock-based compensation expense and \$0.04 of expense related to the Customer Services early-retirement program in the first quarter of 2006. The company is increasing its expectation for profitability in its Customer Services business which offsets lower expectations for profitability in its Financial Self Service segment.

NCR expects its earnings per share in the second half of the year to be more heavily weighted in the fourth quarter. Earnings per share in the third quarter is expected to be roughly the same as generated in the second quarter of 2006, with revenue anticipated to be slightly down from the strong second quarter.

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	Prior 2006 Guidance	Updated 2006 Guidance
<b>Year-over-year revenue growth:</b>		
Total NCR	Flat	1%
Teradata Data Warehousing	5 - 7%	5 - 7%
Financial Self Service (ATMs)	Flat	1 - 2%
Retail Store Automation	3 - 4%	3 - 4%
Customer Services	(3 - 4)%	(2)%
<b>Earnings per share – GAAP</b>	<b>\$1.81 - \$1.86</b>	<b>\$1.81 - \$1.86</b>
Non-GAAP – excludes early-retirement expense	\$1.85 - \$1.90	\$1.85 - \$1.90

**2006 Second-Quarter Earnings Conference Call**

A conference call is scheduled today at 10:00 a.m. (EDT) to discuss the company’s second-quarter results. 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 2006 second-quarter operating results is also available on NCR’s Web site.

***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, ATMs, retail systems, self-service solutions and IT services provide Relationship Technology™ that maximizes the value of customer interactions and helps organizations create a stronger competitive position. Based in Dayton, Ohio, NCR ([www.ncr.com](http://www.ncr.com)) employs approximately 29,300 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. The following table reconciles certain non-GAAP measures contained in this release.

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

	Q2 2006 Actual	Q2 2005 Actual	FY 2006 Guidance
<b>Earnings Per Share (GAAP)</b>	<b>\$ 0.42</b>	<b>\$ 0.67</b>	<b>\$1.81-1.86</b>
Benefit from resolution of prior-year tax audits	—	0.34	—
Early-retirement-related pension expense	—	(0.08)	(0.04)
Net effect of non-operational items in Q2 2005 <sup>(5)</sup>	—	0.04	—
<b>Adjusted Earnings Per Share (Non-GAAP)<sup>(4)</sup></b>	<b>\$ 0.42</b>	<b>\$ 0.37</b>	<b>\$1.85-1.90</b>

- (1) NCR's management looks at the company's 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 earnings per share excluding these items to manage and determine effectiveness of its business managers and as a basis for incentive compensation. These non-GAAP measures should not be considered as substitutes for or superior to results determined in accordance with GAAP.
- (2) The operating segment results discussed in this earnings release exclude the impact of \$35 million of pension expense in the second quarter of 2006 and \$52 million of pension expense in the second quarter of 2005. The higher pension expense in the second quarter of 2005 was driven by the early-retirement program offered in the company's Customer Services business. 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) NCR defines free cash flow as cash provided/used by operating activities less capital expenditures for property, plant and equipment, and additions to capitalized software. Free cash flow does not have a uniform definition under GAAP and therefore, NCR's definition may differ from other companies' definition of this measure. 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) In the second quarter, NCR changed its accounting for reworkable service parts from a long-term depreciable asset to a current asset within Inventories. As a result of this change, expenditures for reworkable service parts, previously recorded under cash flows from investing activities, will now be recorded under cash flows from operating activities. This change was retroactively applied to the prior-period financial statements and did not affect overall cash flows or have a material impact on the company's results of operations or financial position.

As a result of the accounting change, NCR's unaudited Condensed Consolidated Balance Sheets include amounts for net reworkable service parts as inventory. Prior to the accounting change, \$242 million as of March 31, 2006, and \$234 million as of Dec. 31, 2005, were reported as "Reworkable service parts and rental equipment, net" under long-term assets.

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In addition, NCR's unaudited Condensed Consolidated Statement of Cash Flows include, "Net expenditures and proceeds for reworkable service parts" of \$24 million for the three months ended June 30, 2005, and \$43 million for the six months ended June 30, 2005, in operating activities. These amounts were previously reported under "Investing activities."

- (5) The second quarter of 2005 included a \$15 million gain from a real-estate transaction, of which \$6 million was used to provide multiyear funding of NCR's charitable foundation for reinvestment back into its local communities.

#### **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; participation by eligible employees in early-retirement programs; turnover of workforce and the ability to attract and retain skilled employees, especially in light of continued cost-control measures being taken by the company; availability and successful exploitation of new acquisition and alliance opportunities; changes in Generally Accepted Accounting Principles (GAAP) 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.



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

	For the Periods Ended June 30			
	Three Months		Six Months	
	2006	2005	2006	2005
<b>Revenue</b>				
Products	\$ 805	\$ 762	\$1,442	\$1,440
Services	726	708	1,372	1,373
<b>Total revenue</b>	<u>1,531</u>	<u>1,470</u>	<u>2,814</u>	<u>2,813</u>
Cost of products	534	495	936	933
Cost of services	572	579	<u>1,101</u>	<u>1,113</u>
<b>Total gross margin</b>	425	396	777	767
% of Revenue	27.8%	26.9%	27.6%	27.3%
Selling, general and administrative expenses	264	265	509	523
Research and development expenses	58	58	118	117
<b>Income from operations</b>	<u>103</u>	<u>73</u>	<u>150</u>	<u>127</u>
% of Revenue	6.7%	5.0%	5.3%	4.5%
Other expense (income), net	1	(6)	(2)	8
<b>Income before income taxes</b>	<u>102</u>	<u>79</u>	<u>152</u>	<u>119</u>
% of Revenue	6.7%	5.4%	5.4%	4.2%
Income tax expense (benefit)	24	(48)	33	(38)
<b>Net income</b>	<u>\$ 78</u>	<u>\$ 127</u>	<u>\$ 119</u>	<u>\$ 157</u>
% of Revenue	5.1%	8.6%	4.2%	5.6%
<b>Net income per common share</b>				
Basic	<u>\$ 0.43</u>	<u>\$ 0.68</u>	<u>\$ 0.66</u>	<u>\$ 0.84</u>
Diluted	<u>\$ 0.42</u>	<u>\$ 0.67</u>	<u>\$ 0.64</u>	<u>\$ 0.82</u>
<b>Weighted average common shares outstanding</b>				
Basic	181.1	186.2	181.4	186.3
Diluted	184.2	190.3	184.6	190.8





**NCR CORPORATION**  
**CONSOLIDATED REVENUE and OPERATING INCOME (LOSS) SUMMARY**  
(Unaudited)  
(in millions)

	For the Periods Ended June 30					
	Three Months			Six Months		
	2006	2005	% Change	2006	2005	% Change
<b>Revenue by segment</b>						
<b>Data Warehousing</b>						
Data Warehousing solution	\$ 313	\$ 282	11%	\$ 560	\$ 556	1%
Data Warehousing support services	86	79	9%	165	155	6%
<b>Total Data Warehousing</b>	<b>399</b>	<b>361</b>	<b>11%</b>	<b>725</b>	<b>711</b>	<b>2%</b>
<b>Financial Self Service</b>	<b>343</b>	<b>323</b>	<b>6%</b>	<b>602</b>	<b>595</b>	<b>1%</b>
<b>Retail Store Automation</b>	<b>221</b>	<b>211</b>	<b>5%</b>	<b>393</b>	<b>386</b>	<b>2%</b>
<b>Customer Services</b>						
Customer Service Maintenance:						
Financial Self Service	167	153	9%	322	301	7%
Retail Store Automation	117	117	—	233	231	1%
Payment & Imaging and Other	32	33	(3)%	62	64	(3)%
Third-Party Products and Exited Businesses	67	70	(4)%	126	143	(12)%
<b>Total Customer Services Maintenance</b>	<b>383</b>	<b>373</b>	<b>3%</b>	<b>743</b>	<b>739</b>	<b>1%</b>
Third-Party Products	8	14	(43)%	16	25	(36)%
Professional and installation-related services	66	69	(4)%	117	139	(16)%
<b>Total Customer Services</b>	<b>457</b>	<b>456</b>	<b>—</b>	<b>876</b>	<b>903</b>	<b>(3)%</b>
<b>Systemedia</b>	<b>120</b>	<b>122</b>	<b>(2)%</b>	<b>221</b>	<b>236</b>	<b>(6)%</b>
<b>Payment &amp; Imaging and Other</b>	<b>37</b>	<b>41</b>	<b>(10)%</b>	<b>76</b>	<b>74</b>	<b>3%</b>
Elimination of installation-related services revenue included in both the Customer Services segment and other segments						
	(46)	(44)	5%	(79)	(92)	(14)%
<b>Total revenue</b>	<b>\$1,531</b>	<b>\$1,470</b>	<b>4%</b>	<b>\$2,814</b>	<b>\$2,813</b>	<b>—</b>
<b>Operating income (loss) by segment</b>						
Data Warehousing	\$ 86	\$ 76		\$ 153	\$ 148	
Financial Self Service	31	43		44	68	
Retail Store Automation	8	6		1	3	
Customer Services	25	8		45	17	
Systemedia	1	(1)		1	(1)	
Payment & Imaging and Other	(1)	6		5	7	
Elimination of installation-related services operating income included in both the Customer Services segment and other segments						
	(12)	(13)		(20)	(29)	
<b>Subtotal - Segment operating income</b>	<b>138</b>	<b>125</b>		<b>229</b>	<b>213</b>	
Pension expense	(35)	(52)		(79)	(86)	
<b>Total income from operations</b>	<b>\$ 103</b>	<b>\$ 73</b>		<b>\$ 150</b>	<b>\$ 127</b>	



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

	June 30 2006	March 31 2006	December 31 2005
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 747	\$ 746	\$ 810
Accounts receivable, net	1,301	1,290	1,305
Inventories, net	665	635	595
Other current assets	253	234	217
<b>Total current assets</b>	<u>2,966</u>	<u>2,905</u>	<u>2,927</u>
Property, plant and equipment, net	372	368	378
Goodwill	148	140	129
Prepaid pension cost	1,012	964	976
Deferred income taxes	545	589	522
Other assets	366	349	355
<b>Total assets</b>	<u>\$5,409</u>	<u>\$ 5,315</u>	<u>\$ 5,287</u>
<b>Liabilities and stockholders' equity</b>			
Current liabilities			
Short-term borrowings	\$ 2	\$ 2	\$ 2
Accounts payable	484	440	490
Payroll and benefits liabilities	231	226	292
Deferred service revenue and customer deposits	495	528	444
Other current liabilities	428	413	417
<b>Total current liabilities</b>	<u>1,640</u>	<u>1,609</u>	<u>1,645</u>
Long-term debt	305	305	305
Pension and indemnity plan liabilities	575	560	557
Postretirement and postemployment benefits liabilities	264	259	259
Income taxes	323	348	307
Other liabilities	159	151	158
Minority interests	22	22	21
<b>Total liabilities</b>	<u>3,288</u>	<u>3,254</u>	<u>3,252</u>
<b>Total stockholders' equity</b>	<u>2,121</u>	<u>2,061</u>	<u>2,035</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$5,409</u>	<u>\$ 5,315</u>	<u>\$ 5,287</u>

Certain prior-year amounts have been reclassified to conform to the 2006 presentation.



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

	For the Periods Ended June 30			
	Three Months		Six Months	
	2006	2005	2006	2005
<b>Operating activities</b>				
Net income	\$ 78	\$ 127	\$ 119	\$ 157
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	39	43	78	86
Stock-based expense	7	1	14	2
Excess tax benefit from stock-based compensation	(4)	—	(12)	—
Deferred income taxes	16	—	18	—
Income tax settlement	—	(64)	—	(64)
Other adjustments to income, net	—	(12)	(1)	(1)
Changes in assets and liabilities:				
Receivables	(9)	106	4	125
Inventories	(30)	(16)	(65)	(15)
Current payables	50	11	(67)	(142)
Deferred service revenue and customer deposits	(34)	(37)	50	42
Employee severance and pension	13	26	34	38
Other assets and liabilities	8	(14)	(26)	(65)
<b>Net cash provided by operating activities</b>	<b>134</b>	<b>171</b>	<b>146</b>	<b>163</b>
<b>Investing activities</b>				
Expenditures for property, plant and equipment	(23)	(17)	(38)	(32)
Proceeds from sales of property, plant and equipment	1	5	12	7
Additions to capitalized software	(24)	(21)	(44)	(37)
Other investing activities, net	(16)	(1)	(31)	2
<b>Net cash used in investing activities</b>	<b>(62)</b>	<b>(34)</b>	<b>(101)</b>	<b>(60)</b>
<b>Financing activities</b>				
Purchase of Company common stock	(98)	(98)	(186)	(218)
Excess tax benefit from stock-based compensation	4	—	12	—
Short-term borrowings, net	—	(1)	—	—
Proceeds from employee stock plans	21	42	61	102
Other financing activities, net	—	—	—	—
<b>Net cash used in financing activities</b>	<b>(73)</b>	<b>(57)</b>	<b>(113)</b>	<b>(116)</b>
Effect of exchange rate changes on cash and cash equivalents	2	(11)	5	(13)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1</b>	<b>69</b>	<b>(63)</b>	<b>(26)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>746</b>	<b>655</b>	<b>810</b>	<b>750</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 747</b>	<b>\$ 724</b>	<b>\$ 747</b>	<b>\$ 724</b>

Certain prior-year amounts have been reclassified to conform to the 2006 presentation.