NCR Establishes $9 Million Reserve for Customer Claims Against Lucent and AT&T

August 12, 2002 at 9:14 AM EDT

DAYTON, Ohio, Aug 12, 2002 (BUSINESS WIRE) -- NCR Corporation (NYSE:NCR) today announced that it will establish a reserve for its proportionate share of costs resulting from an out-of-court settlement reached on August 9, 2002 between Lucent Technologies, Inc. and participants in multiple class-action lawsuits. These claims allege that AT&T's phone equipment business, now known as Lucent Technologies, Inc., had engaged in misleading actions regarding the leasing of telephones and the charges for those leases following the 1984 divestiture of the Bell operating companies.

Although NCR was not a party named in the lawsuits, it will share in the $350 million settlement costs due to terms included in the divestiture agreement that accompanied the spin-off of NCR and Lucent from AT&T. The terms of the 1996 divestiture agreement call for the three parties to share in any settlements against any of the three parties that exceed a predetermined threshold amount and relate to business activity prior to the December 31, 1996 divestiture of NCR.

Pursuant to the proposed settlement and the terms of the divestiture agreement, NCR will establish a $9 million pre-tax reserve for its share of the proposed settlement-related costs. At this time, NCR does not know the exact cost it will incur, however, NCR's exposure to this matter will not be more than 3 percent of the settlement-related costs in excess of the threshold amount. The actual cost of the settlement to NCR may be less than the stated amount, depending on the number of claims submitted and accepted. The final terms of the settlement are subject to court approval.

Because the settlement was reached after NCR released its second-quarter results on July 25, 2002, but before the filing of its quarterly financial statements with the U.S. Securities and Exchange Commission, the $9 million charge will be included in its second-quarter financial statements when it files its Form 10-Q report later this week. Including the $9 million pre-tax reserve for settlement-related costs, the company had net income of $0.25 a share in the quarter that ended on June 30, 2002, compared with the $0.32 a share reported by NCR when it announced second-quarter results on July 25, 2002.

NCR is not aware of any other similar claims from AT&T or Lucent pursuant to the divestiture agreement.

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(TM) solutions that maximize the value of customer interactions. Based in Dayton, Ohio, NCR (www.ncr.com) employs approximately 30,400 people worldwide.

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 duration and intensity of the economic recession and its impact on the markets in general or on our ability to meet our commitments to customers, 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, such as a possible shift toward industry standard "open" platforms for data warehousing solutions; continued competitive factors and pricing pressures, and their impact on our ability to improve gross margins and profitability, especially in our more mature offerings such as Retail Store Automation and Financial Self Service solutions; 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 plan; turnover of workforce and the ability to attract and retain skilled employees, especially in light of recent cost control measures taken by us; availability and successful exploitation of new acquisition and alliance opportunities; and 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 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.

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