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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000

Commission File Number 001-00395

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

Maryland	31-0387920
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1700 South Patterson Blvd.
Dayton, Ohio 45479
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Number of shares of common stock, $0.01 par value per share, outstanding as of July 31, 2000 was 96,044,104.

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Part I. Financial Information

Item 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
In millions, except per share amounts

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
Revenue				
Products	$ 771	$ 849	$ 1,400	$ 1,506
Services	677	723	1,303	1,399
Total Revenue	1,448	1,572	2,703	2,905
Operating Expenses				
Cost of products	471	529	883	962
Cost of services	507	544	992	1,060
Selling, general and administrative expenses	328	353	634	665
Research and development expenses	99	85	169	165
Total Operating Expenses	1,405	1,511	2,678	2,852
Income from Operations	43	61	25	53
Interest expense	(3)	(2)	(5)	(5)
Other income, net	24	15	39	31
Income Before Income Taxes	64	74	59	79
Income tax expense	25	28	25	30
Net Income	$ 39	$ 46	$ 34	$ 49
Net Income per Common Share				
Basic	$ 0.41	$ 0.47	$ 0.36	$ 0.50
Diluted	$ 0.39	$ 0.45	$ 0.35	$ 0.48
Weighted Average Common Shares Outstanding				
Basic	95.4	98.3	94.6	98.7
Diluted	98.8	102.1	97.7	102.5

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
In millions, except per share amounts

	June 30 2000 (Unaudited)	December 31 1999
Assets		
Current assets		
Cash and short-term investments	$ 561	$ 763
Accounts receivable, net	1,173	1,197
Inventories	299	299
Other current assets	298	282
Total Current Assets	2,331	2,541
Reworkable service parts, net	218	209
Property, plant and equipment, net	754	793
Other assets	1,474	1,352
Total Assets	$ 4,777	$ 4,895
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term borrowings	$ 37	$ 37
Accounts payable	335	378
Payroll and benefits liabilities	218	247
Customer deposits and deferred service revenue	422	365
Other current liabilities	502	635
Total Current Liabilities	1,514	1,662
Long-term debt	38	40
Pension and indemnity liabilities	323	342
Postretirement and postemployment benefits liabilities	542	570
Other liabilities	611	623
Minority interests	47	49
Total Liabilities	3,075	3,286
Put Options	22	13
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock: par value $0.01 per share, 100.0 shares authorized, no shares issued or outstanding at June 30, 2000 and December 31, 1999, respectively	-	-
Common stock: par value $0.01 per share, 500.0 shares authorized, 96.0 and 93.6 shares issued and outstanding at June 30, 2000 and December 31, 1999, respectively	1	1
Paid-in capital	1,173	1,081
Retained earnings	498	466
Accumulated other comprehensive income	8	48
Total Stockholders' Equity	1,702	1,596
Total Liabilities and Stockholders' Equity	$ 4,777	$ 4,895

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
In millions

	Six Months Ended June 30	
	2000	1999
Operating Activities		
Net income	$ 34	$ 49
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	185	185
Net gain on sales of assets	(21)	(8)
Purchased research and development from acquisitions	24	-
Changes in operating assets and liabilities:		
Receivables	37	202
Inventories	-	(11)
Current payables	(106)	(80)
Deferred revenue and customer deposits	57	49
Timing of disbursements for employee severance and pension	(144)	(101)
Other operating assets and liabilities	(83)	(70)
Net Cash (Used in)/Provided by Operating Activities	(17)	215
Investing Activities		
Short-term investments, net	36	(109)
Expenditures for service parts and property, plant and equipment	(246)	(170)
Proceeds from sales of facilities and other assets	133	40
Business acquisitions and investments	(56)	-
Other investing activities, net	(36)	(24)
Net Cash Used in Investing Activities	(169)	(263)
Financing Activities		
Purchases of Company common stock	(4)	(62)
Short-term borrowings, net	-	28
Long-term borrowings, net	(3)	-
Other financing activities, net	41	50
Net Cash Provided by Financing Activities	34	16
Effect of exchange rate changes on cash and cash equivalents	(13)	(15)
Decrease in Cash and Cash Equivalents	(165)	(47)
Cash and Cash Equivalents at Beginning of Period	571	488
Cash and Cash Equivalents at End of Period	$ 406	$ 441

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by NCR Corporation (NCR or the Company) without audit pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for interim periods are not necessarily indicative of results to be expected for the full year. These financial statements should be read in conjunction with NCR's 1999 Annual Report to Stockholders, Form 10-K for the year ended December 31, 1999 and Form 10-Q for the quarter ended March 31, 2000.

Certain prior year amounts have been reclassified to conform to the 2000 presentation.

2. SUPPLEMENTAL FINANCIAL INFORMATION (in millions)

	Three Months Ended June 30		Six Months Ended June 30	
Comprehensive Income/(Loss)	2000	1999	2000	1999
Net income	$ 39	$ 46	$ 34	$ 49
Other comprehensive income/(loss), net of tax:				
Unrealized (loss)/gain on securities	(24)	(1)	(32)	8
Additional minimum pension liability	-	-	6	-
Currency translation adjustments	(4)	(26)	(14)	(45)
Total comprehensive income/(loss)	$ 11	$ 19	$ (6)	$ 12

	June 30 2000	December 31 1999
Cash and Short-Term Investments		
Cash and cash equivalents	$ 406	$ 571
Short-term investments	155	192
Total cash and short-term investments	$ 561	$ 763
Inventories		
Finished goods	$ 237	$ 241
Work in process and raw materials	62	58
Total inventories	$ 299	$ 299

3. SEGMENT INFORMATION

For 2000, NCR changed its definition of strategic operating segments and the associated reporting framework. The Company's new reporting segments are Store Automation, Self Service, Data Warehousing, Systemedia and All Other. All of these segments include hardware, software, professional consulting and customer support services. Customer support services include maintenance services, staging and implementation services, networking, multi-vendor integration services, consulting services, solution-specific support services and outsourcing solutions.

The following tables present data for revenue and operating income/(loss) by solution operating segments for the quarters ended June 30 (in millions):

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
Revenue				
Store Automation	$ 320	$ 366	$ 586	$ 685
Self Service	359	386	670	713
Data Warehousing	292	241	531	392
Systemedia	128	119	242	232
All other segments	349	460	674	883
Consolidated revenue	$ 1,448	$ 1,572	$ 2,703	$ 2,905

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
Operating Income/(Loss)				
Store Automation	$ (13)	$ 16	$ (40)	$ 14
Self Service	52	57	71	94
Data Warehousing	4	(23)	(15)	(92)
Systemedia	4	5	8	10
All other segments	24	6	43	27
Restructuring and other special charges(1)	(28)	-	(42)	-
Consolidated operating income	$ 43	$ 61	$ 25	$ 53

(1) Includes restructuring and other related charges and acquisition related in-process research and development charges. (See Notes 7 and 9 of the Notes to Condensed Consolidated Financial Statements).

4. CONTINGENCIES

In the normal course of business, NCR is subject to various regulations, proceedings, lawsuits, claims and other matters, including actions under laws and regulations related to the environment and health and safety, among others. NCR believes the amounts provided in its consolidated financial statements, as prescribed by generally accepted accounting principles, are adequate in light of the probable and estimable liabilities. However, there can be no assurances that the actual amounts required to discharge alleged liabilities from various lawsuits, claims, legal proceedings and other matters, including the Fox River matter discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in NCR's consolidated financial statements or will not have a material adverse effect on its consolidated results of operations, financial condition or cash flows. Any amounts of costs that may be incurred in excess of those amounts provided as of June 30, 2000 cannot currently be determined.

Environmental Matters

NCR's facilities and operations are subject to a wide range of environmental protection laws and has investigatory and remedial activities underway at a number of facilities that it currently owns or operates, or formerly owned or operated, to comply, or to determine compliance, with such laws. Also, NCR has been identified, either by a government agency or by a private party seeking contribution to site cleanup costs, as a potentially responsible party (PRP) at a number of sites pursuant to various state and federal laws, including the Federal Water Pollution Control Act (FWPCA) and comparable state statutes, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), and comparable state statutes.

Various federal agencies, Native American tribes and the State of Wisconsin (Claimants) consider NCR to be a PRP under the FWPCA and CERCLA for alleged natural resource damages (NRD) and remediation liability with respect to the Fox River and related Green Bay environment (Fox River System) due to, among other things, sediment contamination in the Fox River System allegedly resulting in part from NCR's former carbonless paper manufacturing in Wisconsin. Claimants have also notified a number of other paper manufacturing companies of their status as PRPs resulting from their ongoing or former paper manufacturing operations in the Fox River Valley, and Claimants have entered into a Memorandum of

Agreement among themselves to coordinate their actions, including the assertion of claims against the PRPs. Additionally, the federal NRD Claimants have notified NCR and the other PRPs of their intent to commence a NRD lawsuit, but have not as yet instituted litigation. In addition, one of the Claimants, the United States Environmental Protection Agency (USEPA), has formally proposed the Fox River for inclusion on the CERCLA National Priorities List. In February 1999, the State of Wisconsin made available for public review a draft remedial investigation and feasibility study (RI/FS), which outlines a variety of alternatives for addressing the Fox River sediments. While the draft RI/FS did not advocate any specific alternative or combination of alternatives, the estimated total costs provided in the draft RI/FS ranged from $0 for no action (which appears to be an unlikely choice) to between $143 million and $721 million depending on the alternative selected. In addition, one of the federal NRD claimants has released an interim estimate of alleged losses from lost recreational fishing opportunities of between $106 million and $147 million. NCR, in conjunction with the other PRPs, has developed a substantial body of evidence which it believes should demonstrate that selection of alternatives involving river-wide restoration/remediation, particularly massive dredging, would be inappropriate and unnecessary. However, because there is ongoing debate within the scientific, regulatory, legal, public policy and legislative communities over how to properly manage large areas of contaminated sediments, NCR believes there is a high degree of uncertainty about the appropriate scope of alternatives that may ultimately be required by the Claimants. An accurate estimate of NCR's ultimate share of restoration/remediation and damages liability cannot be made at this time due to uncertainties with respect to: the scope and cost of the potential alternatives; the outcome of further federal and state NRD assessments; the amount of NCR's share of such restoration/remediation expenses; the timing of any restoration/remediation; the evolving nature of restoration/remediation technologies and governmental policies; the contributions from other parties; and the recoveries from insurance carriers and other indemnitors. NCR believes the other currently named PRPs would be required and able to pay substantial shares toward restoration and remediation, and that there are additional parties, some of which have substantial resources, that may also be liable. Further, in 1978 NCR sold the business to which the claims apply, and NCR and the buyer have reached an interim settlement agreement under which the parties are sharing both defense and liability costs.

It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. NCR accrues environmental provisions when it is probable that a liability has been incurred and the amount or range of the liability is reasonably estimable. Provisions for estimated losses from environmental restoration and remediation are, depending on the site, based primarily on internal and third-party environmental studies, estimates as to the number and participation level of any other PRPs, the extent of the contamination, and the nature of required remedial and restoration actions. Accruals are adjusted as further information develops or circumstances change. Management expects that the amounts accrued from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites, which may as to the Fox River site be 10 to 20 years or more. The amounts provided for environmental matters in NCR's consolidated financial statements are the estimated gross undiscounted amount of such liabilities, without deductions for insurance or third-party indemnity claims. Except for the sharing arrangement described above with respect to the Fox River, in those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectibility of such amounts is probable, the amounts are reflected as receivables in the consolidated financial statements.

Legal Proceedings

NCR was named as one of the defendants in a purported class-action suit filed in November 1996 in Florida alleging liability based on state antitrust and common-law claims of unlawful restraints of trade, monopolization, and unfair business practices related to a purported agreement between Siemens Nixdorf Printing Systems, L.P. and NCR. In January 1999, NCR agreed to settle this suit with plaintiffs for an undisclosed and non-material amount. The settlement was approved by the court in early 2000 and is being implemented.

5. STOCK REPURCHASE PROGRAM

In 1999, the Board of Directors authorized two share repurchase programs valued at a total of $500 million. The first program was authorized on April 15, 1999 for $250 million and was completed in the fourth quarter of 1999. The second program was authorized on October 21, 1999 for $250 million. As of June 30, 2000, the Company has committed $35 million of the $250 million authorized in October. In the first six months of 2000, approximately 102,000 shares were repurchased on the open market at an average price of $34.97 per share.

Following the end of the second quarter, approximately 252,000 shares were repurchased on the open market at an average price of $34.60 per share.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic, except that the weighted average number of shares outstanding include the additional dilution from potential common stock such as stock options and restricted stock awards, when appropriate.

7. RESTRUCTURING

During the fourth quarter of 1999, NCR approved a restructuring plan designed to accelerate the Company's transformation from a computer hardware and product company to a technology solutions and services provider. The plan led to an alignment around four key solutions, an expected elimination of approximately 1,250 positions and an enhanced leverage of the investment in NCR's Data Warehousing offering. A pre-tax charge of $125 million was recorded in the fourth quarter of 1999 to provide for restructuring and other related charges as a result of the plan. There was $73 million of restructuring and other related liabilities incurred in connection with the 1999 business restructuring, which were all reflected as current liabilities in NCR's balance sheet.

In addition to the pre-tax charge of $125 million recorded in the fourth quarter of 1999, during the first six months of 2000, the Company recorded $18 million of settlement costs relating to the settlement of customer obligations that were not complete as of December 31, 1999. Included in this $18 million was $17 million recorded in cost of revenue and $1 million recorded in selling, general and administrative expense. The Company is actively working to complete substantially all of the remaining customer settlements by the third quarter of 2000 as cost effectively as possible.

In total, the Company expects the pre-tax charge of $125 million to result in cash outlays of $83 million of which $76 million relates to employee separations that were accrued under the Company's postemployment benefits plan as well as non-cash write-offs of $42 million. The cash outlays are primarily for employee separations, contract cancellations and settlement of customer obligations. As of June 30, 2000, substantially all cash outlays for other than employee separations had been made. The balance of the cash outlays is expected to occur over the remainder of the current year. No adjustments have been made to the restructuring and other related liabilities recorded in the fourth quarter of 1999.

In total, the plan calls for approximately 1,250 employee separations. As of the end of the second quarter 2000, approximately 51% of the planned employee separations were complete and as of June 30, 2000, the Company has incurred cash outlays for employee separations of $30 million.

8. PUT OPTIONS

In a series of private placements, NCR sold put options that entitle the holder of each option to sell to the Company, by physical delivery, shares of common stock at a specified price. The options sold in the fourth quarter of 1999 and the first quarter of 2000 all expired, unexercised. NCR sold additional options in the second quarter of 2000 totaling 1,000,000 shares of which 400,000 expired, unexercised in the quarter. At the end of the second quarter of 2000, the total amount related to the Company's remaining potential repurchase obligation of 600,000 shares of common stock was $22 million. The put option obligations had no significant effect on diluted earnings per share for the period presented, and the net proceeds from the sale of the put options are shown as an increase to paid-in capital.

From the end of the second quarter through August 11, 2000, NCR sold additional options for 400,000 shares and repurchased 400,000 of the 600,000 shares subject to then outstanding options from the end of the second quarter. The remaining potential repurchase obligation of 600,000 shares of common stock is $21 million.

The activity is summarized as follows:

In millions	Cumulative Net Premium Received	Put Options Outstanding: Number of Options	Put Options Outstanding: Potential Obligation
December 31, 1998	$ -	-	$ -
Sales	1.1	0.4	13.1
Exercises	-	-	-
Expirations	-	-	-
December 31, 1999	$1.1	0.4	$ 13.1
Sales	1.0	0.4	14.8
Exercises	-	-	-
Expirations	-	(0.4)	(13.1)
March 31, 2000	$2.1	0.4	$ 14.8
Sales	2.8	1.0	36.8
Exercises	-	-	-
Expirations	-	(0.8)	(29.6)
June 30, 2000	$4.9	0.6	$ 22.0

9. ACQUISITIONS

In the second quarter of 2000, the Company announced the acquisition of Ceres Integrated Solutions, LLC (Ceres) and Research Computer Services, Inc. (RCS). Ceres is a leading provider of customer relationship management solutions and a leader in retail targeted marketing applications. This acquisition is expected to drive sales of new data warehouses and expansion of existing data warehouses. The in-process research and development charge associated with the acquisition of Ceres was $19 million. RCS is a leading provider of point-of-sale software for general merchandise retailers. This acquisition is expected to enable NCR to drive revenue and market growth for our point-of-sale solutions in domestic and international markets. The in-process research and development charge associated with the acquisition of RCS was $5 million.

The total amount of stock issued as part of the acquisitions completed by the Company in the current year is $64 million. The pro forma results of operations through the end of the second quarter of 1999, assuming that all 1999 and 2000 acquisitions occurred on January 1, 1999, do not differ materially from amounts reported.

10. SUBSEQUENT EVENTS

On July 14, 2000, the Company announced the acquisition of the remaining 50 percent interest in Stirling Douglas Group (SDG), a leading demand chain management application software firm. As a result of this purchase, SDG is now a wholly-owned subsidiary of NCR. The acquisition enhances NCR's ability to offer business-to-business e-commerce solutions between retailers and suppliers through real-time inventory management while reducing overhead costs.

On August 3, 2000, the Company announced that it had entered into a definitive agreement to acquire 4Front Technologies, Inc. in a merger transaction for an aggregate consideration of approximately $250 million. 4Front Technologies is a leading provider and integrator of information technology services, consisting of specialized computer services and web-based solutions. The company is headquartered in London and has a strong pan-European market presence in the United Kingdom, France, Italy, Germany, Belgium, the Netherlands, Spain and Sweden. 4Front Technologies employs approximately 1,900 people. This acquisition further strengthens NCR's position in providing high availability service solutions and should enable the Company to better service the complex needs of its global customers. This merger is expected to be completed before the end of the current year and is subject to a number of conditions, including the receipt of the approval of the 4Front Technologies stockholders as well as the receipt of required regulatory approvals.

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

Restructuring

During the fourth quarter of 1999, our management approved a restructuring plan designed to accelerate our transformation from a computer hardware and product company, to a technology solutions and services provider. The plan led to an alignment around four key solutions, an expected elimination of approximately 1,250 positions and an enhanced leverage of the investment in our Data Warehousing offering. A pre-tax charge of $125 million was recorded in the fourth quarter of 1999 to provide for restructuring and other related charges as a result of our plan. There was $73 million of restructuring and other related liabilities incurred in connection with the 1999 business restructuring, which were all reflected as current liabilities in NCR's balance sheet.

In addition to the pre-tax charge of $125 million recorded in the fourth quarter of 1999, during the first six months of 2000 we recorded $18 million of settlement costs relating to the settlement of customer obligations that were not complete as of December 31, 1999. Included in this $18 million was $17 million recorded in cost of revenue and $1 million recorded in selling, general and administrative expenses. We are actively working to complete substantially all of the remaining customer settlements by the third quarter of 2000 as cost effectively as possible.

In total, we expect the pre-tax charge of $125 million to result in cash outlays of $83 million of which $76 million relates to employee separations that were accrued under our postemployment benefits plan as well as non-cash write-offs of $42 million. The cash outlays are primarily for employee separations, contract cancellations and settlement of customer obligations. As of June 30, 2000, substantially all cash outlays for other than employee separations had been made. The balance of the cash outlays is expected to occur over the remainder of the current year. No adjustments have been made to the restructuring and other related liabilities recorded in the fourth quarter of 1999.

We anticipate annual savings of approximately $75 million as a result of our restructuring plan and estimate that we generated $29 million of the anticipated savings in the first six months of 2000. The savings primarily come from the elimination of losses in our non-core solutions that we exited as well as other cost savings related to employee separations within our infrastructure support organizations. We estimate that 75% of these savings were recognized as a reduction in operating expenses with the balance being recognized as a reduction in cost of revenue.

In total, the plan calls for approximately 1,250 employee separations. As of the end of the second quarter 2000, approximately 51% of the planned employee separations were complete and as of June 30, 2000, the Company has incurred cash outlays for employee separations of $30 million.

Results of Operations

For 2000, we have changed our definition of strategic operating segments and our associated reporting framework. Our new reporting segments are Store Automation, Self Service, Data Warehousing, Systemedia and All Other. All of these segments include hardware, software, professional consulting and customer support services. Customer support services include maintenance services, staging and implementation services, networking, multi-vendor integration services, consulting services, solution-specific support services and outsourcing solutions.

Three Months Ended June 30, 2000 Compared to Three Months Ended June 30, 1999

For the quarters ended June 30, the effects of significant special items, which include restructuring and other related charges of $4 million in connection with the action announced in October 1999 and acquisition related in-process research and development charges of $24 million, have been excluded from the gross margin, operating expenses and operating income amounts presented and discussed below. (See Notes 7 and 9 of the Notes to Condensed Consolidated Financial Statements and the discussion of acquisitions below).

In millions	2000	1999
Consolidated revenue	$1,448	$1,572
Consolidated gross margin	474	499
Consolidated operating expenses:		
Selling, general and administrative expenses	328	353
Research and development expenses	75	85
Consolidated income from operations	$ 71	$ 61

Revenue: Revenue for the three months ended June 30, 2000 was $1,448 million, a decrease of 8% from the second quarter of 1999. When adjusted for the impact of changes in currency exchange rates, revenue decreased 7%.

The revenue decline in the second quarter of 2000 compared to the prior year reflects the exit of our non-core solutions, the termination of service associated with equipment retired as a result of Year 2000 replacement, product availability issues for our Store Automation solutions and declines in the sales of our Self Service solutions in the Americas region. On an aggregate basis, revenue in our core solutions overall were down 2% compared with the prior year due to the product availability issues for Store Automation. By solution, our revenue in the second quarter of 2000 reflects increased sales of our Data Warehousing solutions of 21% and Systemedia products of 8%. Offsetting the revenue growth in Data Warehousing and Systemedia were declines in sales of our Store Automation solutions of 13%, Self Service solutions of 7%, and our all other segments of 24% which includes declines in our non-core solutions of 33%.

Revenue in the second quarter of 2000 compared with the second quarter of 1999 decreased 13% in the Americas region and 16% in the Europe/Middle East/Africa region. The declines in both of these regions were primarily due to the exit of our non-core solutions and product availability issues for our Store Automation solutions. Revenue in the Asia Pacific region, excluding Japan, increased 28% over the prior year while Japan increased 5%. The revenue growth in the Asia Pacific region, excluding Japan, reflects strong growth in sales of our Data Warehousing, Self Service and Payment and Imaging solutions partially offset by declines in our non-core solutions. When adjusted for the impact of changes in foreign currency exchange rates, revenue increased 32% in the Asia Pacific region, excluding Japan, and decreased 13% in the Americas region, 9% in the Europe/Middle East/Africa region and 9% in Japan. The Americas region comprised 52% of our total revenue in the second quarter of 2000, the Europe/Middle East/Africa region comprised 28%, Japan comprised 10% and the Asia Pacific region, excluding Japan, comprised 10%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue increased 1.0 percentage points to 32.7% in the second quarter of 2000 from 31.7% in the second quarter of 1999. Products gross margin increased 1.2 percentage points to 38.9% in the second quarter of 2000. This increase is primarily attributable to product margin rate improvement in the Data Warehousing solution as a result of increased volume. Services gross margin increased 0.9 percentage points to 25.7% in the second quarter of 2000 from 24.8% in the second quarter of 1999. This increase is attributable to margin rate improvements in our consulting business primarily due to improved utilization of our consultants.

Selling, general and administrative expenses decreased $25 million, or 7%, in the second quarter of 2000 from the second quarter of 1999 reflecting the exit of our non-core solutions and our focus on expense containment initiatives. As a percentage of revenue, selling, general and administrative expenses were 22.7% in the second quarter of 2000 and 22.5% in the second quarter of 1999. Research and development expenses decreased $10 million to $75 million in the second quarter of 2000. As a percentage of revenue, research and development expenses were 5.2% in the second quarter of 2000 compared to 5.4% in the second quarter of 1999. The second quarter research and development expenses reflect increased investments in our strategic operating segments which were more than offset by spending reductions in our non-core/exited operating segments.

Gross margins and operating expenses were favorably impacted in the second quarter of 2000 and 1999 from our pension benefits plan with an additional $17 million of income being recognized in the second quarter of 2000. Gross margins and operating expenses were unfavorably impacted in the second quarter of 2000 and 1999 from our post-employment and post-retirement benefit plans and associated investments with $7 million more expense in the second quarter of 2000. Thus, the net impact on operating results from our combined pension, post-retirement and post-employment plans was $10 million additional income in the second quarter of 2000 as compared to the second quarter of 1999.

Income Before Income Taxes: Operating income was $71 million in the second quarter of 2000 compared to $61 million in the second quarter of 1999.

Other income, net of expenses, was $21 million in the second quarter of 2000 compared to $13 million in the second quarter of 1999. Other income in 2000 includes approximately $27 million of gains on sales of facilities.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates calculated without the effect of extraordinary charges. The provision for income taxes in the second quarter of 2000 was $25 million compared to $28 million in the second quarter of 1999. Excluding the tax effect of special items, the second quarter 2000 income tax provision was $32 million which compared to the 1999 period reflects a return to more normalized tax rate levels. The normalization of tax rates is due to continued profitability in certain tax jurisdictions, primarily the United States.

Six Months Ended June 30, 2000 Compared to Six Months Ended June 30, 1999

For the six months ended June 30, the effects of significant special items, which include restructuring and other related charges of $18 million in connection with the action announced in October 1999 and acquisition related in-process research and development charges of $24 million, have been excluded from the gross margin, operating expenses and operating income amounts presented and discussed below. (See Notes 7 and 9 of the Notes to Condensed Consolidated Financial Statements and the discussion of acquisitions below).

In millions	2000	1999
Consolidated revenue	$2,703	$2,905
Consolidated gross margin	845	883
Consolidated operating expenses:		
Selling, general and administrative expenses	633	665
Research and development expenses	145	165
Consolidated income from operations	$ 67	$ 53

Revenue: Revenue for the six months ended June 30, 2000 was $2,703 million, a decrease of 7% from the first six months of 1999. When adjusted for the impact of changes in currency exchange rates, revenue decreased 6%.

The revenue decline in the second quarter of 2000 compared to the prior year reflects the exit of our non-core solutions, the termination of service associated with equipment retired as a result of Year 2000 replacement, product availability issues for our Store Automation solutions and declines in the sales of our Self Service solutions in the Americas region. On an aggregate basis, revenue in our core solutions overall declined 1% compared with the prior year due to the product availability issues for Store Automation. By solution, our revenue for the first six months of 2000 reflects increased sales of our Data Warehousing solutions of 35% and Systemedia products of 4%. Offsetting the revenue growth in Data Warehousing and Systemedia were declines in sales of our Store Automation solutions of 14%, Self Service solutions of 6%, and our all other segments of 24% which includes declines in our non-core solutions of 33%.

Revenue in the first six months of 2000 compared with the first six months of 1999 decreased 8% in the Americas region, 18% in Europe/Middle East/Africa region. The declines in both of these regions were primarily due to the exit of our non-core solutions and product availability issues for Store Automation. Revenue in the Asia Pacific region, excluding Japan, increased 29% over the prior year while Japan increased 1%. When adjusted for the impact of changes in foreign currency exchange rates, revenue on a local currency basis increased 32% in the Asia Pacific region, excluding Japan, and decreased 8% in the Americas region, 10% in the Europe/Middle East/Africa region, and 11% in Japan. The Americas region comprised 52% of NCR's total revenue in the first six months of 2000, the Europe/Middle East/Africa region comprised 28%, Japan comprised 10% and the Asia Pacific region, excluding Japan, comprised 10%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue increased 0.9 percentage points to 31.3% in the first six months of 2000 from 30.4% in the same period of 1999. Products gross margin increased 1.1 points to 37.2% in the first six months of 2000. This increase is primarily attributable to product margin rate improvement in the Data Warehousing solution. Services gross margin increased 0.7 points to 24.9% in the first six months of 2000 due primarily to improvements in our consulting business.

Selling, general and administrative expenses decreased $32 million, or 5% in the first six months of 2000 from the first six months of 1999 reflecting the exit of our non-core solutions and our focus on expense containment initiatives. As a percentage of revenue, selling, general and administrative expenses were 23.4% in the first six months of 2000 and 22.9% in the first six months of 1999. Research and development expenses in the first six months of 2000 reflect increased investments in our strategic operating segments which were more than offset by spending reductions in our non-core/exited operating segments. As a result of this, research and development expenses decreased $20 million to $145 million in the first six months of 2000. As a percentage of revenue, research and development expenses were 5.4% in the first six months of 2000 compared to 5.7% in the first six months of 1999.

Gross margins and operating expenses were favorably impacted in the first six months of 2000 compared to the same period of 1999 from our pension benefits plan with an additional $34 million of income being recognized through June of 2000. Gross margins and operating expenses were unfavorably impacted in the first six months of 2000 compared to 1999 from our post-employment and post-retirement benefit plans and associated investments with $20 million more expense during the first six months of 2000. Thus, the net impact on operating results from our combined pension, post-retirement and post-employment plans was $14 million additional income in the first six months of 2000 as compared to the same period of 1999.

Income Before Income Taxes: Operating income was $67 million in the first six months of 2000 compared to $53 million in the same period of 1999.

Other income, net of expenses, was $34 million in the first six months of 2000 compared to $26 million in the first six months of 1999. Other income includes gains on sales of facilities of approximately $30 million in 2000 compared to $11 million in 1999.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates calculated without the effect of extraordinary charges. The provision for income taxes was $25 million in the first six months of 2000 compared to $30 million in the first six months of 1999. Excluding the tax effect of special items, the income tax provision for the first six months of 2000 was $35 million which compared to the 1999 period reflects a return to more normalized tax rate levels. The normalization of tax rates is due to continued profitability in certain tax jurisdictions, primarily the United States.

Financial Condition, Liquidity, and Capital Resources

Our cash, cash equivalents, and short-term investments totaled $561 million at June 30, 2000, compared to $763 million at December 31, 1999.

Operating Activities: We used cash flows from operations of $17 million in the first six months of 2000 while generating net cash flows from operations of $215 million in the first six months of 1999. Receivable balances decreased $37 million in the first six months of 2000 and $202 million in the same period in 1999. The significant decrease in our receivable balances in the first six months of 1999 reflected our strong focus on collections that we have been able to maintain with incremental improvements in the first six months of 2000. We used $144 million of cash in the first six months of 2000 related to the timing of disbursements for employee severance and pension compared to a $101 million use of cash in the same period of 1999. The increased use of cash in the first six months of 2000 relates primarily to cash payments of benefits under un-funded pension plans in some of our international locations and severance related cash payments.

Investing Activities: Net cash flows used in investing activities were $169 million in the first six months of 2000 and $263 million in the same period of 1999. In 2000, we decreased our short-term investments by $36 million as we increased the liquidity of our overall portfolio due to expected acquisition activity; this compared to a $109 million increase in our short-term investments in 1999. Capital expenditures were $246 million for the first six months of 2000 and $170 million in the same period of 1999. The increase in capital expenditures primarily relates to expenditures for information technology, reworkable parts used to service customer equipment including purchases to support our high availability networking service offerings, and expenditures for facilities to support sales and marketing activities. Proceeds from the sales of facilities and other assets for the first six months of 2000 was $133 million compared to $40 million in the same period of 1999. The increase in proceeds is driven by our ongoing asset management initiative to sell less productive assets such as real estate. Business acquisitions and investments utilized $56 million of cash in the first six months of 2000 and is the result of our strategy to invest in our core solutions and related technologies. Other investing activities used $36 million of cash in the first six months of 2000 and $24 million in the comparable period for 1999. The increase is primarily related to capitalized software.

Financing Activities: Net cash provided by financing activities was $34 million in the in the first six months of 2000 and $16 million in the same period of 1999. As of June 30, 2000, $4 million of cash was used in the repurchase of Company stock pursuant to the stock repurchase program included in Note 5 of the Notes to Consolidated Financial Statements; $62 million of cash was used in the same period of 1999 to repurchase Company stock. In the first six months of 2000, we reported cash flows of $41 million from other financing activities compared to $50 million in the same period of 1999. Other financing cash flows primarily relate to share activity under our stock option and employee stock purchase plans.

We believe that cash flows from operations, existing credit facilities, and other short- and long-term financing, if any, will be sufficient to satisfy our future working capital, research and development, capital expenditure and other financing requirements for the foreseeable future.

Acquisitions: In the second quarter of 2000, we announced the acquisition of Ceres Integrated Solutions, LLC (Ceres) and Research Computer Services, Inc. (RCS). Ceres is a leading provider of customer relationship management solutions and a leader in retail targeted marketing applications. This acquisition is expected to drive sales of new data warehouses and expansion of existing data warehouses. The in-process research and development charge associated with the acquisition of Ceres was $19 million. RCS is a leading provider of point-of-sale software for general merchandise retailers. This acquisition is expected to enable us to drive revenue and market growth for our point-of-sale solutions in domestic and international markets. The in-process research and development charge associated with the acquisition of RCS was $5 million.

On July 14, 2000, we announced the acquisition of the remaining 50 percent interest in Stirling Douglas Group (SDG), a leading demand chain management application software firm. As a result of our purchase, SDG is now a wholly-owned subsidiary of NCR. The acquisition enhances our ability to offer business-to-business e-commerce solutions between retailers and suppliers through real-time inventory management while reducing overhead costs.

On August 3, 2000, we announced that we had entered into a definitive agreement to acquire 4Front Technologies, Inc. in a merger transaction for an aggregate consideration of approximately $250 million. 4Front Technologies is a leading provider and integrator of information technology services, consisting of specialized computer services and web-based solutions. The company is headquartered in London and has a strong pan-European market presence in the United Kingdom, France, Italy, Germany, Belgium, the Netherlands, Spain and Sweden. 4Front Technologies employs approximately 1,900 people. This acquisition further strengthens our position in providing high availability service solutions and should enable us to better service the complex needs of our global customers. This merger is expected to be completed before the end of the current year and is subject to a number of conditions, including the receipt of approval of the 4Front Technologies stockholders as well as the receipt of required regulatory approvals.

The total amount of stock issued as part of the acquisitions we completed in the current year is $64 million. The pro forma results of operations through the end of the second quarter of 1999, assuming that all 1999 and 2000 acquisitions occurred on January 1, 1999, do not differ materially from amounts reported.

Factors That May Affect Future Results

This quarterly report, other documents that we file with the Securities and Exchange Commission, as well as other oral or written statements we may make, contain information based on management's beliefs and include forward-looking statements that involve a number of risks, uncertainties and assumptions. These forward-looking statements are not guarantees of future performance, and there are a number of factors, including those listed below, which could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements.

Competition

Our ability to compete effectively within the technology industry is critical to our future success.

We compete in the intensely competitive information technology industry. This industry is characterized by rapidly changing technology, evolving industry standards, frequent new product introductions, price and cost reductions, and increasingly greater commoditization of products, making differentiation difficult. In addition, this intense competition increases pressure on gross margins that could impact our business and operating results. Our competitors include other large, successful companies in the technology industry such as: International Business Machines (IBM), Wincor Nixdorf Gmbh & Co., Unisys Corporation, Diebold, Inc., and Oracle Corporation, some of which have widespread penetration of their platforms. If we are unable to compete successfully, the demand for our solutions, including products and services, would decrease. Any reduction in demand could lead to fewer customer orders, a decrease in the prices of our products and services, reduced revenues, reduced margins, operating inefficiencies, reduced levels of profitability, and loss of market share. These competitive pressures could impact our business and operating results.

Our future competitive performance depends on a number of factors, including our ability to: rapidly and continually design, develop and market, or otherwise obtain and introduce solutions and related products and services for our customers that are competitive in the marketplace; offer a wide range of solutions from small electronic shelf labels to very large enterprise data warehouses; offer solutions to customers that operate effectively within a computing environment which includes the integration of hardware and software from multiple vendors; offer products that are reliable and that ensure the security of data and information; offer high-quality, high availability services; market and sell all of our solutions effectively, including the successful execution of our new marketing campaign.

New Solutions Introductions

The solutions we sell are very complex, and we need to rapidly and successfully develop and introduce new solutions.

We operate in a very competitive, rapidly changing environment, and our future success depends on our ability to develop and introduce new solutions that our customers choose to buy. If we are unable to develop new solutions, our business and operating results would be impacted. This includes our efforts to rapidly develop and introduce data warehousing software applications. The development process for our complex solutions, including our software application development programs, requires high levels of innovation from both our developers and our suppliers of the components embedded in our solutions. In addition, the development process can be lengthy and costly. It requires us to commit a significant amount of resources to bring our business solutions to market. If we are unable to anticipate our customers' needs and technological trends accurately, or are otherwise unable to complete development efficiently, we would be unable to introduce new solutions into the market on a timely basis, if at all, and our business and operating results would be impacted. In addition, if we were unable to successfully market and sell both existing and newly developed solutions, our operating results would be impacted.

Our solutions which contain both hardware and software products may contain known as well as undetected errors which may be found after the products' introduction and shipment. While we attempt to fix errors that we believe would be considered critical by our customers prior to shipment, we may not be able to detect or fix all such errors, and this could result in lost revenues, delays in customer acceptance, and incremental costs which would all impact our operating results.

Reliance on Third Parties

Third party suppliers provide important elements to our solutions.

We rely on many suppliers for necessary parts and components to complete our solutions. In most cases, there are a number of vendors producing the parts and components that we utilize. However, there are some components that are purchased from single sources due to price, quality, technology or other reasons. For example, we depend on chips and microprocessors from Intel Corporation and operating systems from UNIX(R) and Microsoft Windows NT(R). Certain parts and components used in the manufacture of our ATMs and the delivery of some of our Store Automation solutions are also supplied by single sources. If we were unable to purchase the necessary parts and components from a particular vendor and we had to find an alternative supplier for such parts and components, our new and existing product shipments and solutions deliveries could be delayed, impacting our business and operating results.

We have, from time to time, formed alliances with third parties (such as the outsourcing arrangements with Solectron to manufacture hardware) that have complementary products, services and skills. These alliances introduce risks that we can not control such as non-performance by third parties and difficulties with or delays in integrating elements provided by third parties into our solutions. The failure of third parties to provide high quality products or services that conform to the required specifications could impair the delivery of our solutions on a timely basis and impact our business and operating results.

Acquisitions and Alliances
Our ability to successfully integrate acquisitions or effectively manage alliance activities will help drive future growth.

As part of our overall solutions strategy, we intend to continue to make investments in companies, products, services and technologies, either through acquisitions, joint ventures or strategic alliances. Acquisitions and alliance activities inherently involve risks. The risks we may encounter include those associated with assimilating and integrating different business operations, corporate cultures, personnel, infrastructures and technologies or products acquired or licensed, retaining key employees, and the potential for unknown liabilities within the acquired or combined business. The investment or alliance may also disrupt our ongoing business or we may not be able to successfully incorporate acquired products, services or technologies into our solutions and maintain quality. Business acquisitions typically result in intangible assets being recorded and amortized in future years. Future operating results could be impacted if our acquisitions do not generate profitable results in excess of the related amortization expense.

Operating Result Fluctuations
We expect our quarterly revenues and operating results to fluctuate for a number of reasons.

Future operating results will continue to be subject to quarterly fluctuations based on a variety of factors, including:

Seasonality. Our sales are historically seasonal, with revenue higher in the fourth quarter of each year. During the three quarters ending in March, June and September, we have historically experienced less favorable results than in the quarter ending in December. Such seasonality also causes our working capital cash flow requirements to vary from quarter to quarter depending on the variability in the volume, timing and mix of product sales. In addition, revenue in the third month of each quarter is typically higher than in the first and second months. These factors, among other things, make forecasting more difficult and may adversely affect our ability to predict financial results accurately.

Acquisitions and Alliances. As part of our solutions strategy, we intend to continue to acquire technologies, products, and businesses as well as form strategic alliances and joint ventures. As these activities take place and we begin to include the financial results related to these investments, our operating results will fluctuate. For example, the acquisition of Ceres Integrated Solutions will result in incremental revenue, margin and operating expenses for our Data Warehousing solution.

Multi-National Operations
Continuing to generate substantial revenues from our multi-national operations helps to balance our risks and meet our strategic goals.

Currently, approximately 59% of our revenues come from our international operations. We believe that our geographic diversity may help to mitigate some risks associated with geographic concentrations of operations (e.g., adverse changes in foreign currency exchange rates or business disruptions due to economic or political uncertainties). However, our ability to sell our solutions internationally is subject to the following risks, among others: general economic and political conditions in each country which could adversely affect demand for our solutions in these markets, as recently occurred in certain Asian markets; currency exchange rate fluctuations which could result in lower demand for our products as well as generate currency translation losses; currency changes such as the "Euro" introduction which could affect cross border competition, pricing, and require modifications to our offerings to accommodate the changeover; changes to and compliance with a variety of local laws and regulations which may increase our cost of doing business in these markets or otherwise prevent us from effectively competing in these markets.

Restructuring
Successfully completing our restructuring activities is important as it is designed to improve our focus and overall profitability.

As we have discussed, we plan to grow revenue and earnings through the realignment of our businesses into our key solutions: Self Service, Store Automation and Data Warehousing. Our success with these restructuring activities depends on a number of factors including our ability to: execute strategies in various markets, including electronic commerce and other new industries beyond our traditional focus; exit certain businesses as planned; profitably replace the lost revenues; and manage issues that may arise in connection with the restructuring such as gaps in short-term performance, diversion of management focus and employee morale and retention. In particular, our business plan includes leveraging the Teradata(R) technology in electronic commerce and other industries. If we are not successful in managing the required changes to achieve this realignment, our business and operating results could be impacted.

Employees
Hiring and retaining highly qualified employees helps us to achieve our business objectives.

Our employees are vital to our success, and our ability to attract and retain highly skilled technical, sales, consulting, and other key personnel is critical as these key employees are difficult to replace. The expansion of high technology companies has increased demand and competition for qualified personnel. If we are not able to attract or retain highly qualified employees in the future, this could impact our business and operating results.

Intellectual Property
As a technology company, our intellectual property portfolio is key to our future success.

Our intellectual property portfolio is a key component of our ability to be a leading technology and services solutions provider. To that end, we aggressively protect and work to enhance our proprietary rights in our intellectual property through patent, copyright, trademark and trade secret laws and if our efforts fail, our business could be impacted. In addition, many of our offerings rely on technologies developed by others and if we were not able to continue to obtain licenses for such technologies, our business would be impacted. Moreover, from time to time, we receive notices from third parties regarding patent and other intellectual property claims. Whether such claims are with or without merit, they may require significant resources to defend and, if an infringement claim is successful, in the event we are unable to license the infringed technology or to substitute similar non-infringing technology, our business could be adversely affected.

Environmental
Our historical and ongoing manufacturing activities subject us to environmental exposures.

We have been identified as a potentially responsible party in connection with the Fox River matter as further described in "Environmental Matters" under Note 4 of the Notes to Condensed Consolidated Financial Statements on page 7 of this quarterly report and we incorporate such discussion in this Management's Discussion and Analysis of Financial Condition and Results of Operations by reference and make it a part of this risk factor.

Contingencies
Like other technology companies, we face uncertainties with regard to regulations, lawsuits and other related matters.

We are subject to regulations, proceedings, lawsuits, claims and other matters, including those that relate to the environment, health and safety and intellectual property. Such matters are subject to the resolution of many uncertainties, thus, outcomes are not predictable with assurance. While we believe that amounts provided in our financial statements are currently adequate in light of the probable and estimable liabilities, there can be no assurances that the amounts required to discharge alleged liabilities from lawsuits, claims and other legal proceedings and environmental matters, and to comply with applicable environmental laws will not impact future operating results.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes in foreign currency exchange rates and interest rates. We use a variety of measures to monitor and manage these risks, including derivative financial instruments. Since a substantial portion of our operations and revenue occur outside the United States, our results can be significantly impacted by changes in foreign currency exchange rates. To manage our exposures to changes in currency exchange rates, we enter into various derivative financial instruments such as forward contracts and options. These instruments generally mature within twelve months. At inception, the derivative instruments are designated as hedges of inventory purchases and sales and of certain financing transactions which are firmly committed or forecasted. Gains and losses on qualifying hedged transactions are deferred and recognized in the determination of income when the underlying transactions are realized, canceled or otherwise terminated. When hedging certain foreign currency transactions of a long-term investment nature, gains and losses are recorded in the currency translation adjustment component of stockholders' equity. Gains and losses on other foreign exchange contracts are generally recognized currently in other income or expense as exchange rates change.

For purposes of potential risk analysis, we use sensitivity analysis to determine the impacts that market risk exposures may have on the fair values of our hedge portfolio related to anticipated transactions. The foreign currency exchange risk is computed based on the market value of future cash flows as impacted by the changes in the rates attributable to the market risk being measured. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the opposite gain or loss on the forecasted underlying transaction. The results of the foreign currency exchange rate sensitivity analysis at June 30, 2000 and 1999 were: a 10% movement in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in an increase in the fair values of our financial instruments by $13 million and an increase of $8 million, respectively, or an increase in fair values of our financial instruments by $1 million and $16 million, respectively.

The interest rate risk associated with our borrowing and investing activities at June 30, 2000 is not material in relation to our consolidated financial position, results of operations or cash flows. We do not generally use derivative financial instruments to alter the interest rate characteristics of our investment holdings or debt instruments.

Part II. Other Information

Item 1. LEGAL PROCEEDINGS

The information required by this item is included in the material under Note 4 of the Notes to Condensed Consolidated Financial Statements on page 7 of this quarterly report and is incorporated in this Item 1 as by reference and made a part hereof.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1	Articles of Amendment and Restatement of NCR Corporation as amended May 14, 1999 (incorporated by reference to Exhibit 3.1 from the NCR Corporation Form 10-Q for the period ended June 30, 1999) and Articles Supplementary of NCR Corporation (incorporated by reference to Exhibit 3.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1996 (the "1996 NCR Annual Report")).
3.2	Bylaws of NCR Corporation, as amended and restated on February 3, 2000 (incorporated by reference to Exhibit 3.2 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).
4.1	Common Stock Certificate of NCR Corporation (incorporated by reference to Exhibit 4.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).
4.2	Preferred Share Purchase Rights Plan of NCR Corporation, dated as of December 31, 1996, by and between NCR Corporation and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 from the 1996 NCR Annual Report).
10.1	Letter agreement dated June 20, 2000.
27	Financial Data Schedule

(b) Reports on Form 8-K

No reports filed on Form 8-K for the quarter ended June 30, 2000.

UNIX is a registered trademark in the United States and other countries, exclusively licensed through X/OPEN Company Limited.
Windows NT is a registered trademark of Microsoft Corporation.
Teradata is either a registered trademark or trademark of NCR International, Inc. in the United States and/or other countries.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NCR CORPORATION

Date: August 11, 2000

By: /s/ David Bearman

David Bearman, Senior Vice President
and Chief Financial Officer

EXHIBIT 10.1

[NCR LOGO]

Lars Nyberg
Chairman and CEO

1700 South Patterson Boulevard
Dayton, Ohio 45479

June 20, 2000

Mr. William Amelio
1696 Palos Verdes Estates
Palos Verdes, California 90274

Dear Bill:

I am delighted to extend to you an offer of employment with NCR Corporation as Executive Vice President and Chief Operating Officer. This position will have all operating responsibilities for NCR's self service, retail, Systemedia, and services businesses, which generate the majority of revenues and profits. As you know, this offer is contingent on the approval of NCR Board of Directors. In this position, you will report directly to me, as Chairman & CEO. We'll need to discuss a mutually agreeable start date. Other details of your offer are as follows.

Annual Base Salary - Your base salary will be $700,000, commencing as of your effective start date. You will be paid on a bi-weekly pay schedule, one week in arrears. Your paycheck will be automatically deposited in the bank of your choice via our convenient Easipay plan.

Sign-On Bonus - You will be extended a $200,000 gross sign-on bonus within thirty days of your effective start date. All applicable taxes will be withheld from this award. Your sign-on bonus will not be treated as compensation for purposes of determining employee pensions and benefits.

Incentive Award - You will be eligible to participate in the Management Incentive Plan for Executive Officers (MIP), which provides year-end incentive awards based on the success of NCR in meeting annual performance objectives. For your position, the targeted incentive opportunity is 80% of your salary ($560,000) and the maximum award is 160% ($1,120,000) of your salary. Given the fact that you will forfeit your 2000 bonus at your current company, NCR will guarantee your proposed target incentive award ($560,000) for 2000. This will be paid within thirty days of your effective start date. If the actual 2000 incentive payout is greater than target, you will receive an incremental bonus in March, 2001 (up to $560,000).

For 2001, compensation objectives are yet to be established, but will probably include revenue growth, profit and asset management measure.

Equity Awards -

Stock Options/One Time Grant - In lieu of your current compensation and equity situation, you will receive a one-time stock option grant, as of your first date of employment, for that number of whole shares of NCR common stock determined by dividing $12,300,000 by the fair market value of one share of the Company's common stock on your first date of employment. These options will be subject to terms and conditions determined by the NCR Board of Directors. Future grants are discretionary and set annually by the Board of Directors. These stock options include a non-competition provision and vest as follows:

Initial Vesting Date - 1-year anniversary of start date - 1/3 of the grant
Next Vesting Date - 2-year anniversary of start date - 1/3 of the grant
Final Vesting Date - 3-year anniversary of start date - 1/3 of the grant

Stock Options/2001 Advance Management Stock Grant - On your first date of employment, you will receive a stock option grant, for that number of whole shares of NCR common stock determined by dividing $4,100,000 by the fair market value of one share of the Company's common stock on your first date of employment. These options will be subject to terms and conditions determined by the NCR Board of Directors. Future grants are discretionary and set annually by the Board of Directors. These stock options include a non-competition provision and vest as follows:

Initial Vesting Date - 1-year anniversary of start date - 1/3 of the grant
Next Vesting Date - 2-year anniversary of start date - 1/3 of the grant
Final Vesting Date - 3-year anniversary of start date - 1/3 of the grant

Given the grant above, you will not receive a management stock option grant in Q1 2001 when NCR management is awarded their 2001 stock option grants. However, you will be eligible for future management stock option grants, beginning in 2002. Although we cannot make a commitment about future stock option awards, given past awards for this position and current expectations, we would anticipate that the award of stock options would have an approximate face value of $4.1 million or more. Again, as I know you appreciate, any actual award will be as finally determined by NCR's Compensation Committee of the Board of Directors.

Restricted Stock - In lieu of your current compensation and equity situation, you will receive a special restricted stock grant, as of your first date of employment, of that number of whole shares of NCR common stock determined by dividing $4,100,000 by the fair market value of one share of the Company's common stock on your first date of employment. These shares will be set up in a record account in your name with NCR's Transfer Agent and Stock Registrar (American Stock Transfer), and will vest (become transferable) over three years as follows:

Initial Vesting Date - 1-year anniversary of start date - 1/3 of the grant
Next Vesting Date - 2-year anniversary of start date - 1/3 of the grant
Final Vesting Date - 3-year anniversary of start date - 1/3 of the grant

In addition, the restricted stock will vest in full in the event of a Company initiated termination other than for "cause" (defined in the same manner as in the NCR Change-in-Control Severance Plan for Executive Officers). The restricted stock will be subject to other terms and conditions determined by the NCR Board of Directors, including a non-competition provision.

In the event of a voluntary termination from NCR, the number of shares representing a value of $1,500,000 (increased during each year starting on your start date based on a 10% imputed interest rate) will be immediately vested. However, whatever value has previously vested will be counted towards the $1,500,000. For example, assume the NCR stock price is $41 and 100,000 shares have been awarded on your first day of employment. Assume you voluntarily leave NCR 18 months after your start date and you have vested shares of 33,333 on your termination date. Assuming the stock price is still $41 with a value of $1,366,653 (33,333 x $41), another 8,923 shares will immediately vest to get your total vested value up to $1.73M. If in this example, the NCR share price was $52 at termination, no additional shares would vest.

Incentives in General - For an officer in your position, short- and long-term incentives at NCR currently take the form of the MIP and stock options. Since these incentives are designed to address the conditions of an ever-changing marketplace, NCR cannot make any definitive representations concerning the continuation of either program or the size of the individual awards.

Vacation - In recognition of your prior work experience, you will be eligible for four weeks of paid vacation.

Special Severance - In the event of a Company initiated termination other than for "cause" (defined in the same manner as in the NCR Change-in-Control Severance Plan for Executive Officers), you will receive a cash payment of one times your annual base salary and immediate vesting of your NCR restricted stock.

NCR Benefits - On your first day of employment with NCR, the company provides you and your eligible dependents with the following core benefit coverage:

NCR Health Care Coverage
NCR Dental Care Coverage
Short-Term and Long-Term Disability Coverages
Life Insurance Coverage
Accidental Death and Dismemberment Insurance Coverage

As a new employee of NCR, you have the opportunity to design your own personalized benefit program through Personal Choice, the company's flexible benefits program. After your employment commences, you will receive the NCR Benefits Information Package, and a Benefit representative will meet with you to guide you through any questions you may have.

Additionally, you will be eligible to participate in the NCR Pension Plan, the NCR Savings Plan (401k), and the NCR Stock Purchase Plan. The attached Benefits Overview provides more information about NCR benefits.

Retirement - In addition to your participation in the NCR Pension Plan (qualified plan), you will also participate in the following nonqualified pension plans:

The Retirement Plan for Officers of NCR Corporation (SERP II) - The plan, which is described in more detail in the attached summary, provides a career average pension of 2.5% of the total of your base salary and MIP award, times your years of service as an Officer and less pension accrued as an Officer in other NCR sponsored plans. Also attached is a model to help quantify your award given certain pay assumptions. While this plan currently vests after ten years of officer service, NCR plans to recommend to the Compensation Committee of the Board of Directors that the vesting take place after five years, which is more in line with competitive analogs and mirrors the qualified pension plan vesting pertaining to all employees. However, there can be no assurance that this proposed change will be adopted.

The NCR Mid-Career Hire Supplemental Pension Plan - This plan, described in more detail in the attached summary (also modeled as part of the SERP II estimate), provides a pension supplement to make up for lost pension that could result from not having a "full career" with one company. This pension supplement is in addition to the SERP II benefit.

Financial Counseling - You will be eligible to participate in a financial counseling program provided through one of three consulting firms designated by the Company. The Company will pay up to $8,000 annually for financial planning, estate planning and tax preparation plus a gross-up for the tax impact of this service. Further information on this program will be provided separately.

Relocation/Temporary Housing - You will be eligible for relocation benefits under NCR's Relocation Policy under Tier II Benefits. A copy of the NCR Relocation Policy is enclosed. It is expected that you will move to Dayton, Ohio within a maximum of 18 months of your start date. In the interim, NCR will arrange temporary housing/accommodations for you in Dayton.

Change in Control - You will participate in NCR's current Change in Control Severance Plan for Executive Officers. In the event of a qualified Change-In-Control (as defined in this Plan), you will receive three times your base salary and targeted bonus plus immediate vesting of your NCR stock options and restricted stock.

This letter reflects the entire agreement regarding the terms and conditions of your employment. Accordingly, it supersedes and completely replaces any prior oral or written communication on this subject. This letter is not an employment contract and should not be construed or interpreted as containing any guarantee of continued employment. The employment relationship at NCR is by mutual consent ("Employment-At-Will"). This means that managers have the right to terminate their employment at any time and for any reason. Likewise, the Company reserves the right to discontinue your employment with or without cause at any time and for any reason. Also, this offer is contingent upon completion of full reference checks.

Bill, we are enthusiastic about the contributions, experience and vision you can bring to NCR. The company is positioned well in our market to be exceedingly successful and I personally would like to extend this opportunity for you to be a part of my senior management team.

If you have any questions concerning the details of the appointment, please feel free to contact Wilbert Buiter or me.

Sincerely,

/s/ Lars Nyberg

Lars Nyberg

/s/ William Amelio	June 21, 2000
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Agreed and Accepted William Amelio	Date

pc: W. Buiter

Attachments: Benefits Overview
Summary of SERP II
Summary of Mid-Career Hire Plan
NCR Relocation Policy

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FOR NCR CORPORATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AT JUNE 30, 2000 AND THE CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
DEC-31-2000
APR-01-2000
JUN-30-2000
406
155
1,200
27
299
2,331
1,966
1,212
4,777
1,514
38
0
0
1
1,679
4,777
771
1,448
471
978
427
(1)
3
64
25
64
0
0
0
39
0.41
0.39