

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: July 16, 1997

NCR CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)MARYLAND
(STATE OR OTHER JURISDICTION OF
INCORPORATION)001-00395
(COMMISSION
FILE NUMBER)31-0387920
(I.R.S. EMPLOYER
IDENTIFICATION NO.)1700 S. PATTERSON BLVD., DAYTON, OH 45479
(937) 445-5000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

Item 5. Other Events

The Registrant's news release dated July 16, 1997, with respect to its financial results for the quarter ended June 30, 1997, including condensed consolidated balance sheets as of June 30, 1997, and condensed consolidated statements of operations, consolidated revenue summary, and condensed consolidated statements of cash flows for the three months and six months ended June 30, 1997, is attached and incorporated herein by reference.

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

NCR Corporation

Date: July 18, 1997

By: /s/ JOHN L. GIERING

John L. Giering, Senior Vice President
and Chief Financial Officer

NCR CORPORATION
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NEWS RELEASE

NCR REPORTS IMPROVED SECOND-QUARTER RESULTS

DAYTON, Ohio - NCR Corporation reported a narrowed second-quarter loss of \$4 million, or \$.04 per share, compared to a loss of \$18 million, or \$.18 per share, in the year-earlier period. Revenue in the quarter declined two percent to \$1.645 billion compared to \$1.679 billion reported in the comparable period last year. On a local currency basis, however, revenue increased one percent. Gross margins declined in the quarter to 26.7 percent from 27.6 percent in the year-ago period.

This quarter marked the sixth consecutive quarter of order increases on a year-over-year basis. Despite continued strength in the U. S. dollar versus major world currencies, total orders, on a reported basis, were up slightly. On a local currency basis, orders posted a mid-single-digit gain compared to last year's second quarter.

"We are pleased with our progress, but not with our pace," said Lars Nyberg, NCR Chairman & CEO. "We have challenges in achieving our goals, but we remain optimistic

that we can show growth for the full-year in orders and revenue in our core businesses; an improvement in operating income; and an improvement in per-share results."

"Our retail and financial businesses reported sizable improvement, and expenses remained under control during the quarter as we continued to make investments in research and development and sales training. We are focused on correcting the inefficiencies and leveraging the improvements," Nyberg said.

ORDERS

Total NCR orders were up slightly compared to last year's quarter, but on a local currency basis, orders posted a mid-single-digit gain. On a product basis, retail and financial systems posted order growth in the teens. Entry-level servers and PCs also posted double-digit order growth. Professional services posted a high-single-digit gain in orders. These gains were offset by declines in orders for computer systems. On a geographic basis, low-single-digit order gains were posted in the Americas and Europe/Middle East/Africa regions. All three regions posted higher orders on a local currency basis than in the comparable period last year.

REVENUE

Worldwide revenue was up one percent on a local currency basis, but was down two percent on a reported dollar basis. On a reported basis, revenue gains in retail products of 25 percent, financial products of 13 percent and professional services of 9 percent over the year-ago period were more than offset by revenue declines in computer systems, systemmedia products and customer services. Revenue increased in the Asia/Pacific region but declined in both the Americas and Europe/Middle East Africa regions from the year-ago period.

GROSS MARGINS

Gross margins for NCR products and systems improved to 29.6 percent compared to 29.2 percent in the second quarter last year. Services gross margins declined by 2.6 percentage points because of lower reported revenues against a cost structure developed to support higher revenue levels. The combined effect was a 0.9 percent drop in overall gross margins compared to a year ago.

EXPENSES

Total expenses of \$458 million were up modestly from the \$453 million in the comparable period last year. Selling, general and administrative expenses increased due to

additional investments in the sales force while research and development expenses were flat at \$96 million.

INCOME TAXES

Income tax expense in the quarter was \$6 million compared to \$22 million in the year-ago period. The reported tax rate in excess of the U. S. statutory rate is a function of NCR's generating taxable international profits and the inability to recognize tax benefits from domestic losses.

BALANCE SHEET

NCR ended the second quarter in a strong financial position with \$1.156 billion in cash and short-term investments, debt of \$92 million and total shareholders' equity of \$1.430 billion.

As of June 30, 1997, NCR employed 38,400 people worldwide, including contractors.

NCR Corporation is a recognized world leader in data warehousing solutions; open high availability transaction processing systems; automated teller machines; scanners and point of sale terminals; service and support for transaction-based systems for the retail, financial, communications and other select markets.

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NOTE TO INVESTORS:

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially. -- In addition to the factors discussed in this release, other risks and uncertainties include the timely development, production or acquisition, and market acceptance of new and existing products and services; shifts in market demands; continued competitive factors and pricing pressures; short product-cycles and rapidly changing technologies; turnover of sales force and the ability to attract and retained skilled employees; tax rates; general economic and business conditions; and other factors detailed from time to time in the company's Securities and Exchange Commission reports, including the Form 10 filed in November 1996, the Form 10-K for the year ended December 31, 1996, the Form 10-Q for the quarter ended March 31, 1997, and the company's annual report to stockholders for 1996.

--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)
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

| | For the Periods Ended June 30 | | | |
|---|-------------------------------|-----------|------------|-----------|
| | Three Months | | Six Months | |
| | 1997 | 1996 | 1997 | 1996 |
| REVENUES | | | | |
| Sales | \$ 919 | \$ 937 | \$ 1,633 | \$ 1,812 |
| Services | 726 | 742 | 1,401 | 1,453 |
| | ----- | ----- | ----- | ----- |
| TOTAL REVENUES | 1,645 | 1,679 | 3,034 | 3,265 |
| Cost of sales | 647 | 663 | 1,136 | 1,300 |
| Cost of services | 559 | 552 | 1,076 | 1,096 |
| | ----- | ----- | ----- | ----- |
| GROSS MARGIN | 439 | 464 | 822 | 869 |
| | ----- | ----- | ----- | ----- |
| % of Revenue | 26.7% | 27.6% | 27.1% | 26.6% |
| Selling, general, and administrative expenses | 362 | 356 | 676 | 711 |
| % of Revenue | 22.0% | 21.2% | 22.3% | 21.8% |
| Research and development expenses | 96 | 97 | 183 | 184 |
| % of Revenue | 5.8% | 5.8% | 6.0% | 5.6% |
| | ----- | ----- | ----- | ----- |
| INCOME (LOSS) FROM OPERATIONS | (19) | 11 | (37) | (26) |
| | ----- | ----- | ----- | ----- |
| % of Revenue | -1.2% | 0.7% | -1.2% | -0.8% |
| Interest expense | 4 | 13 | 6 | 26 |
| Other (income) expense, net | (25) | (6) | (30) | (3) |
| | ----- | ----- | ----- | ----- |
| INCOME (LOSS) BEFORE INCOME TAXES | 2 | 4 | (13) | (49) |
| | ----- | ----- | ----- | ----- |
| % of Revenue | 0.1% | 0.2% | -0.4% | -1.5% |
| Income tax expense | 6 | 22 | 7 | 34 |
| | ----- | ----- | ----- | ----- |
| NET LOSS | \$ (4) | \$ (18) | \$ (20) | \$ (83) |
| | ===== | ===== | ===== | ===== |
| % of Revenue | -0.2% | -1.1% | -0.7% | -2.5% |
| NET LOSS PER COMMON SHARE | \$ (0.04) | \$ (0.18) | \$ (0.20) | \$ (0.82) |
| | ===== | ===== | ===== | ===== |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (IN MILLIONS) | 102.1 | 101.4 | 101.8 | 101.4 |
| | ===== | ===== | ===== | ===== |

NCR CORPORATION
 CONSOLIDATED REVENUE SUMMARY
 (Unaudited)
 (DOLLARS IN MILLIONS)

| | For the Periods Ended June 30 | | | |
|---------------------------------|-------------------------------|----------|------------|----------|
| | Three Months | | Six Months | |
| | 1997 | 1996 | 1997 | 1996 |
| Retail Products | \$ 134 | \$ 107 | \$ 214 | \$ 195 |
| Financial Products | 278 | 246 | 449 | 441 |
| Computer Products | 259 | 318 | 504 | 602 |
| PCs/Entry Level Server Products | 114 | 112 | 199 | 271 |
| Systemedia | 129 | 142 | 248 | 272 |
| Customer Support Services | 531 | 550 | 1,030 | 1,084 |
| Professional Services | 164 | 150 | 305 | 284 |
| Data Services | 27 | 30 | 56 | 64 |
| Other | 9 | 24 | 29 | 52 |
| | ----- | ----- | ----- | ----- |
| Total Revenues | \$ 1,645 | \$ 1,679 | \$ 3,034 | \$ 3,265 |
| | ===== | ===== | ===== | ===== |

NCR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

| | June 30 1997 ---- (Unaudited) | March 31 1997 ---- (Unaudited) | December 31 1996 ---- |
|---|--|---|-----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and short-term investments | \$1,156 | \$1,133 | \$1,203 |
| Accounts receivable, net | 1,446 | 1,336 | 1,457 |
| Inventories | 517 | 535 | 439 |
| Other current assets | 244 | 257 | 219 |
| | ----- | ----- | ----- |
| TOTAL CURRENT ASSETS | 3,363 | 3,261 | 3,318 |
| Property, plant, and equipment, net | 1,146 | 1,143 | 1,207 |
| Other assets | 776 | 763 | 755 |
| | ----- | ----- | ----- |
| TOTAL ASSETS | \$5,285 ===== | \$5,167 ===== | \$5,280 ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Short-term borrowings | \$ 56 | \$ 44 | \$ 28 |
| Accounts payable | 303 | 314 | 352 |
| Other current liabilities | 1,581 | 1,584 | 1,587 |
| | ----- | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 1,940 | 1,942 | 1,967 |
| Long-term debt | 36 | 44 | 48 |
| Other long-term liabilities | 1,879 | 1,860 | 1,869 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES | 3,855 | 3,846 | 3,884 |
| TOTAL SHAREHOLDERS' EQUITY | 1,430 | 1,321 | 1,396 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$5,285 ===== | \$5,167 ===== | \$5,280 ===== |

NCR CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)
 (DOLLARS IN MILLIONS)

| | For the Periods Ended June 30 | | | |
|---|-------------------------------|------------------------|------------------------|------------------------|
| | ----- Three Months | | ----- Six Months | |
| | ----- 1997 ----- | ----- 1996 ----- | ----- 1997 ----- | ----- 1996 ----- |
| OPERATING ACTIVITIES | | | | |
| Net Loss | \$ (4) | \$ (18) | \$ (20) | \$ (83) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 94 | 103 | 186 | 175 |
| Changes in operating assets and liabilities | | | | |
| Receivables | (110) | 208 | 11 | 733 |
| Inventories | 18 | (5) | (78) | 61 |
| Other | 78 | (237) | (25) | (537) |
| | ----- | ----- | ----- | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 76 | 51 | 74 | 349 |
| INVESTING ACTIVITIES | | | | |
| Short-term investments, net | (40) | (9) | (277) | (17) |
| Expenditures for service parts & property, plant, and equipment | (101) | (194) | (149) | (231) |
| Other investing activities | 9 | 25 | 15 | 18 |
| | ----- | ----- | ----- | ----- |
| NET CASH USED IN INVESTING ACTIVITIES | (132) | (178) | (411) | (230) |
| FINANCING ACTIVITIES | | | | |
| Short-term borrowings, net | 12 | 12 | 28 | (6) |
| Long-term debt, net | (8) | (1) | (12) | (231) |
| Transfers from AT&T, net | -- | 286 | -- | 595 |
| Other financing activities | 18 | -- | 18 | -- |
| | ----- | ----- | ----- | ----- |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 22 | 297 | 34 | 358 |
| Effect of exchange rate changes on cash and cash equivalents | 17 | 9 | (21) | (7) |
| | ----- | ----- | ----- | ----- |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (17) | 179 | (324) | 470 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 856 | 605 | 1,163 | 314 |
| | ----- | ----- | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 839 | \$ 784 | \$ 839 | \$ 784 |
| | ===== | ===== | ===== | ===== |