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 March 31, 2002

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 April 30, 2002 was 98,479,673.

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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 March 31	
	2002	2001
Product revenue	$ 612	$ 690
Service revenue	635	686
Total revenue	1,247	1,376
Cost of products	400	442
Cost of services	497	524
Selling, general and administrative expenses	285	353
Research and development expenses	56	76
Total operating expenses	1,238	1,395
Income (loss) from operations	9	(19)
Interest expense	2	4
Other expense, net	1	3
Income (loss) before income taxes and cumulative effect of accounting change	6	(26)
Income tax expense (benefit)	2	(147)
Income before cumulative effect of accounting change	4	121
Cumulative effect of accounting change, net of tax	-	(4)
Net income	$ 4	$ 117
Net income per common share		
Basic before cumulative effect of accounting change	$ 0.04	$ 1.26
Cumulative effect of accounting change	-	(0.04)
Basic	$ 0.04	$ 1.22
Diluted before cumulative effect of accounting change	$ 0.04	$ 1.22
Cumulative effect of accounting change	-	(0.04)
Diluted	$ 0.04	$ 1.18
Weighted average common shares outstanding		
Basic	97.9	95.7
Diluted	100.6	99.3

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
In millions, except per share amounts

	March 31 2002	December 31 2001
Assets		
Current assets		
Cash, cash equivalents and short-term investments	$ 379	$ 336
Accounts receivable, net	1,081	1,126
Inventories, net	282	280
Other current assets	205	221
Total current assets	1,947	1,963
Reworkable service parts and rental equipment, net	219	224
Property, plant and equipment, net	608	629
Goodwill (Note 3)	452	457
Other assets (Note 3)	1,601	1,582
Total assets	$ 4,827	$ 4,855
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term borrowings	$ 106	$ 138
Accounts payable	334	362
Payroll and benefits liabilities	212	217
Customer deposits and deferred service revenue	407	319
Other current liabilities	446	482
Total current liabilities	1,505	1,518
Long-term debt	8	10
Pension and indemnity liabilities	355	319
Postretirement and postemployment benefits liabilities	342	359
Other liabilities	561	600
Minority interests	18	22
Total liabilities	2,789	2,828
Commitments and contingencies (Note 5)		
Stockholders' equity		
Preferred stock: par value $0.01 per share, 100.0 shares authorized, no shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	-	-
Common stock: par value $0.01 per share, 500.0 shares authorized, 98.4 and 97.4 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	1	1
Paid-in capital	1,257	1,235
Retained earnings	865	861
Accumulated other comprehensive loss	(85)	(70)
Total stockholders' equity	2,038	2,027
Total liabilities and stockholders' equity	$ 4,827	$ 4,855

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
In millions

	Three Months Ended March 31	
	2002	2001
Operating Activities		
Net income	$ 4	$ 117
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80	105
Deferred income taxes	(5)	7
Income tax adjustment	-	(138)
Other loss on assets, net	1	1
Changes in assets and liabilities:		
Receivables	34	248
Inventories	(1)	(40)
Current payables	(45)	(184)
Customer deposits and deferred service revenue	88	88
Employee severance and pension	(33)	(59)
Other assets and liabilities	(42)	(108)
Net cash provided by operating activities	81	37
Investing Activities		
Short-term investments, net	-	(10)
Net expenditures and proceeds for service parts	(23)	(25)
Expenditures for property, plant and equipment	(20)	(53)
Other investing activities, net	5	(8)
Net cash used in investing activities	(38)	(96)
Financing Activities		
Purchases of company common stock	-	(34)
Short-term borrowings, net	(32)	27
Long-term borrowings, net	(2)	(1)
Other financing activities, net	34	34
Net cash provided by financing activities	-	26
Effect of exchange rate changes on cash and cash equivalents	-	(9)
Increase (decrease) in cash and cash equivalents	43	(42)
Cash and cash equivalents at beginning of period	335	347
Cash and cash equivalents at end of period	$ 378	$ 305

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 2001 Annual Report to Stockholders and Form 10-K for the year ended December 31, 2001.

Certain prior year amounts have been reclassified to conform to the 2002 presentation.

2. SUPPLEMENTAL FINANCIAL INFORMATION

In millions	Three Months Ended March 31	
Comprehensive (Loss) Income	2002	2001
Net income	$ 4	$ 117
Other comprehensive (loss) income, net of tax:		
Unrealized (loss) gain on securities	(2)	6
Unrealized (loss) gain on derivatives	(1)	6
Additional minimum pension liability	-	(6)
Currency translation adjustments	(12)	(9)
Total comprehensive (loss) income	$ (11)	$ 114

In millions	March 31 2002	December 31 2001
Cash, Cash Equivalents and Short-Term Investments		
Cash and cash equivalents	$ 378	$ 335
Short-term investments	1	1
Total cash, cash equivalents and short-term investments	$ 379	$ 336
Inventories, Net		
Work in process and raw materials	$ 85	$ 82
Finished goods	197	198
Total inventories, net	$ 282	$ 280

3. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

NCR adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), on January 1, 2002, and in accordance with SFAS 142, NCR discontinued the amortization of goodwill assets upon adoption. Assuming goodwill amortization had been discontinued at January 1, 2001, the comparable net income and earnings per share (basic and diluted) for the prior-year period would have been:

In millions, except per share amounts	Three Months Ended March 31	
	2002	2001
Net income:		
Reported net income	$ 4	$ 117
Impact of goodwill amortization	-	16
Adjusted net income	$ 4	$ 133
Basic earnings per share:		
Reported basic earnings per share	$ 0.04	$ 1.22
Impact of goodwill amortization	-	0.17
Adjusted basic earnings per share	$ 0.04	$ 1.39
Fully diluted earnings per share:		
Reported fully diluted earnings per share	$ 0.04	$ 1.18
Impact of goodwill amortization	-	0.16
Adjusted fully diluted earnings per share	$ 0.04	$ 1.34

The changes in the carrying amount of goodwill by operating segment for the quarter ended March 31, 2002, are as follows:

In millions	Balance at December 31, 2001	Adjustments/1/	Balance at March 31, 2002
Goodwill			
Data Warehousing	$ 77	$ (1)	$ 76
Financial Self Service	21	(2)	19
Retail Store Automation	28	(1)	27
Systemedia	13	-	13
Payment and Imaging	4	-	4
Other	314	(1)	313
Total Goodwill	$ 457	$ (5)	$ 452

/1/ The adjustments relate to foreign currency fluctuations experienced during the first three months of 2002.

As required by the adoption of SFAS 142, NCR is employing the transitional goodwill impairment test to assess the potential impairment loss of its goodwill assets. The company has not finalized its analysis, but expects to record a non-cash impairment loss of between $300 million and $350 million as a cumulative effect of accounting change in the second quarter of 2002.

Other Intangible Assets

Other intangible assets were specifically identified when acquired, and primarily consist of patents. NCR has not reclassified any other intangibles to goodwill, nor has it recognized any other intangible assets that were previously included in goodwill. NCR's other intangible assets are deemed to have definite lives and are being amortized over original periods ranging from 3 to 10 years. The following table outlines the gross carrying amount and accumulated amortization for NCR's other intangible assets.

	March 31, 2002	
In millions	Gross Carrying Amount	Accumulated Amortization
Other Intangible Assets		
Patents	$ 19	$ (11)
Other	4	(1)
Total Other Intangible Assets	$ 23	$ (12)

The aggregate amortization expense for the three-month period ending March 31, 2002 was $1 million. The estimated annual amortization expense for the years ending December 31, 2002, 2003, 2004, 2005 and 2006 is $4 million, $4 million, $3 million, $1 million and zero, respectively.

4. STOCK REPURCHASE PROGRAM

During the first quarter of 2002, NCR did not purchase any shares of its stock under either of the Company's repurchase programs (the systematic repurchase plan approved in December 2000 or the plan approved in October 1999). There is approximately $181 million remaining under the plan approved by NCR's Board of Directors in October 1999. During the first quarter of 2001, NCR repurchased approximately 450,000 shares of its stock for approximately $20 million as part of the systematic repurchase program authorized in December of 2000.

Following the end of the first quarter of 2002, the Company repurchased approximately 102,000 shares as part of the systematic repurchase program. These shares were repurchased on the open market at an average price of $38.08 per share.

5. 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 environmental 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 March 31, 2002 cannot currently be reasonably determined.

Environmental Matters
NCR's facilities and operations are subject to a wide range of environmental protection laws, and NCR 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 (CERCLA), as amended, 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 Green Bay (Fox River site) due to, among other things, sediment contamination 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 U.S. Environmental Protection Agency (USEPA), has formally proposed the Fox River site for inclusion on the CERCLA National Priorities List, but no action has yet been taken on this proposal. During the fourth quarter of 2000, the federal Claimants released a proposed Restoration and Compensation Determination Plan (RCDP). The range of damages in the proposed RCDP is from $176 million to $333 million.

On October 2, 2001, the Wisconsin Department of Natural Resources (WDNR) and USEPA Region 5 made available for public review a Proposed Remedial Action Plan (PRAP) for the Fox River site, along with a revised draft remedial investigation and feasibility study (RI/FS) and related documents. The PRAP segregates the Fox River into four segments and includes a fifth segment for Green Bay, describes the various remedial alternatives that were considered for the cleanup of each segment and then selects a proposed alternative. The proposed alternative in the PRAP is to dredge a total of approximately 7,250,500 cubic yards of sediment from three segments of the Fox River site, dispose of the dredged sediment in local landfills after treatment, and utilize monitored natural recovery for the other Fox River segment and for the Green Bay segment, at a total estimated cost of approximately $370 million, including a 20% contingency. (The range of estimated costs for other Fox River alternatives considered and rejected was between approximately $18 million and $1,096 million and the range of estimated costs for other Green Bay alternatives considered and rejected was between approximately $18 million and $2,454 million, all exclusive of contingencies; the latter number consists mainly of the cost of dredging the Green Bay, an action that has been characterized by WDNR as infeasible.)

NCR, in conjunction with the other PRPs, has developed a substantial body of evidence that may demonstrate that eventual selection of alternatives involving river-wide restoration/remediation, particularly massive dredging, would be inappropriate and unnecessary. There is ongoing debate within the scientific, regulatory, legal, public policy and legislative communities over how to properly manage large areas of contaminated sediments, and NCR believes there is a high degree of uncertainty about the appropriate scope of alternatives that may ultimately be required by Claimants. NCR's ultimate share of restoration/ remediation and damages liability cannot be determined at this time, except by reference to a range of potential outcomes, 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 are presently able to pay their respective 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, Appleton Papers Inc. (API), have reached an interim settlement agreement under which the parties are sharing both defense and liability costs.

Last year, NCR and API entered into an Interim Settlement with the Claimants, which was approved by the federal court in Wisconsin. The key terms of the Interim Settlement are as follows: (a) API/NCR will provide funds to the Claimants totaling $10.375 million per year over a four-year period for remediation or natural resource restoration activities at the Fox River site; (b) the Claimants will not initiate an enforcement action (including natural resource damage actions or administrative orders) against API or NCR during the four-year period; and (c) before the term of the Interim Settlement expires, the Claimants and API/NCR will engage in settlement discussions regarding all claims against API/NCR at the Fox River site.

Given the numerous uncertainties regarding the cost estimates for remediation and restoration of the Fox River site and the factors bearing upon NCR's share of those costs, NCR's potential liability falls within a range as to which no amount in the range is a better estimate than any other, and even then it is not possible to estimate the high end of the range. It is possible that NCR's exposure for costs could be higher than the low end of the range, but an estimate of those amounts cannot be made. Also, a portion of NCR's potential liability at the site under CERCLA may be joint and several. If, in the future, one or more of the other PRPs described above were to become insolvent or unable to pay their respective shares, NCR could be responsible for a portion of such shares.

It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. NCR records 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 (except for the Fox River site where the estimated costs are taken directly from the above-described PRAP), 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. The amounts provided for environmental matters in NCR's consolidated financial statements are the estimated gross undiscounted amounts of such liabilities (except for the Fox River site where the PRAP estimates certain long-term costs at net present worth), without deductions for insurance or third-party indemnity claims. Except for the sharing arrangement described above with respect to the Fox River site, in those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectability of such amounts is probable, the amounts would be reflected as receivables in the consolidated financial statements.

6. EARNINGS PER SHARE

Basic earnings per share are 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. SEGMENT INFORMATION

NCR categorizes its operations into six reportable segments: Data Warehousing, Financial Self Service, Retail Store Automation, Systemedia, Payment and Imaging, and Other. Each of these segments includes hardware, software, professional consulting, customer support and maintenance services, and third party applications and technologies. Customer support services include staging and implementation services, networking, multi-vendor integration services, consulting services, solution-specific support services and outsourcing solutions.

The following table presents data for revenue by operating segment (including customer services maintenance) for the periods ended March 31:

In millions	Three Months Ended March 31	
Revenue	2002	2001
Data Warehousing	$ 290	$ 282
Financial Self Service	329	336
Retail Store Automation	235	286
Systemedia	115	116
Payment and Imaging	66	73
Other	212	283
Total Revenue	$ 1,247	$ 1,376

The following table presents data for operating income (loss) by operating segment (including customer services maintenance) for the periods ended March 31:

In millions Operating Income (Loss)	Three Months Ended March 31 2002	 2001
Data Warehousing	$ 23	$ (5)
Financial Self Service	17	36
Retail Store Automation	(29)	(12)
Systemedia	1	(1)
Payment and Imaging	12	12
Other	(15)	8
Income from operations excluding goodwill amortization and special items	9	38
Goodwill amortization in income (loss) from operations	-	(16)
Income from operations excluding special items	9	22
Special items/1/	-	(41)
Income (loss) from operations	$ 9	$ (19)

/1/ Special items in the first quarter of 2001 in operating income represent the provision for loans and receivables with Credit Card Center ($39 million in Financial Self Service) and integration charges related to acquisitions ($2 million in Other).

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

Results of Operations

Our key solutions are Data Warehousing, Financial Self Service and Retail Store Automation. In addition, Systemedia and our Payment and Imaging solutions are reportable segments. A sixth category, Other, accumulates individually insignificant and dissimilar businesses, such as exited businesses, networking hardware and services, and managed services, which are not attributable to the formally identified reportable segments. Each segment is comprised of hardware, software, professional consulting services and customer support services.

Three Months Ended March 31, 2002 Compared to Three Months Ended March 31, 2001

For comparability to the 2002 results, the three months ended March 31, 2001 exclude the effects of special items and goodwill amortization from the gross margin, operating expenses and operating income (loss) amounts presented and discussed below. Special items impacting operating loss for the first quarter of 2001 included a $39 million provision for loans and receivables related to Credit Card Center (CCC) and $2 million of acquisition-related integration charges. Goodwill amortization expense included in operating income in the first quarter of 2001 was $16 million.

In millions	2002	2001
Consolidated revenue	$ 1,247	$ 1,376
Consolidated gross margin /1/	350	411
Consolidated operating expenses:		
Selling, general and administrative expenses /2/	285	297
Research and development expenses	56	76
Consolidated income from operations excluding goodwill amortization and special items	9	38
Goodwill amortization	-	(16)
Consolidated income from operations excluding special items	9	22
Special items /1,2/	-	(41)
Consolidated income (loss) from operations	$ 9	$ (19)

/1/ Special items in the first quarter of 2001 excluded from consolidated gross margin represent $1 million of acquisition-related integration charges.

/2/ Special items in the first quarter of 2001 excluded from selling, general and administrative expenses represent a $39 million provision for loans and receivables related to CCC and $1 million of acquisition-related integration charges.

Revenue: Revenue for the three months ended March 31, 2002 was $1,247 million, a decrease of 9% from the first quarter of 2001. When adjusted for the impact of changes in foreign currency exchange rates, revenue decreased 7%.

By key solution (including customer services maintenance), Data Warehousing experienced revenue growth of 3%, offset by revenue declines in Financial Self Service and Retail Store Automation of 2% and 18%, respectively. The improvement in Data Warehousing was driven by growth in customer service maintenance revenue attributed to the larger installed customer base. The revenue decline in Financial Self Service was due primarily to the constrained capital spending in the Americas region and a lower level of growth in the Asia-Pacific region compared to previous quarters. Retail Store Automation experienced significant revenue declines against a difficult comparison to the prior-year period (which included revenue from a major Kmart self-checkout rollout), and continued to be affected by the United States economic environment and its impact on capital spending.

Revenue in the first quarter of 2002 as compared with the first quarter of 2001 decreased in the Americas, Europe/Middle East/Africa (EMEA), Japan and Asia-Pacific regions by 15%, 1%, 4%, and 7%, respectively. When adjusted for the impact of changes in foreign currency exchange rates, revenue increased 2% in the EMEA region and 7% in Japan, offset by a decline of 5% in the Asia-Pacific region excluding Japan. The revenue decline in the Americas region was primarily driven by the constrained capital spending related to the difficult economic environment. The revenue declines in Japan and the

EMEA region were primarily due to currency rate fluctuations. The decline in the Asia-Pacific region was primarily driven by the economic downturn extending into regional markets. The Americas region comprised 50% of our total revenue in the first quarter of 2002, EMEA region comprised 31%, Asia Pacific region, excluding Japan, comprised 10% and Japan comprised 9%.

Gross Margin and Operating Expenses: Gross margin as a percentage of revenue (excluding the special items described above) decreased 1.8 percentage points to 28.1% in the first quarter of 2002 from 29.9% in the first quarter of 2001. Products gross margin decreased 1.3 percentage points to 34.6% in the first quarter of 2002 due largely to the overall lower volume of sales and a lower mix of higher margin products in our Financial Self Service and Retail Store Automation solutions. The declines were partially offset by improved product margin in Data Warehousing relating to a higher software sales mix versus lower margin hardware sales. Services gross margin decreased 2.1 percentage points to 21.7% in the first quarter of 2002 as lower than expected revenues in our services business affected our ability to leverage our semi-fixed cost infrastructure.

Total expenses in the first quarter of 2002 were $341 million compared to $373 million (excluding the special items and goodwill amortization described above) for the first quarter of 2001. Selling, general and administrative expenses decreased $12 million in the first quarter of 2002 from the first quarter of 2001. The decrease versus prior year is the result of our continued efforts to improve our cost infrastructure and curtail our discretionary spending. Research and development expenses decreased $20 million to $56 million in the first quarter of 2002. As a percentage of revenue, research and development expenses were 4.5% in the first quarter of 2002 compared to 5.5% in the first quarter of 2001. The decrease in research and development expenses is primarily a result of the elimination of duplicative expenses in our customer relationship management software relating to our acquisition of Ceres, LLC.

During the first quarter of 2002, we realized a $19 million benefit from pension income versus a $33 million benefit in the first quarter of 2001.

Income Before Income Taxes and Cumulative Effect of Accounting Change: Operating income was $9 million in the first quarter of 2002 compared to $38 million (excluding the special items and goodwill amortization described above) in the first quarter of 2001.

Other expense, net, was $3 million in the first quarter of 2002. Reported other expense, net, was $7 million in the first quarter of 2001. Excluding a $1 million provision for interest receivable related to CCC and goodwill amortization of $2 million, other expense, net, was $4 million in the first quarter of 2001.

Income before income taxes was $6 million in the first quarter of 2002. The reported loss before income taxes for the first quarter of 2001 was $26 million. Excluding all special items (a $40 million provision for loans and receivables related to CCC, and $2 million of acquisition-related integration charges) and $18 million of goodwill amortization expense ($16 million in operating expense and $2 million in other expense), income before income taxes was $34 million in the first quarter of 2001.

Provision for Income Taxes: Income tax provisions for interim periods are based on estimated annual income tax rates calculated without the effect of special items and goodwill amortization. At an estimated effective tax rate of 30% for 2002, the first quarter income tax provision was $2 million compared to a $7 million provision in the first quarter of 2001.

Including the effect of the special items and goodwill amortization, the income tax benefit in the first quarter of 2001 was $147 million. The tax benefit of special items and goodwill amortization in the first quarter of 2001 was $154 million, and was comprised of a $138 million tax benefit related to the favorable resolution of international tax issues and a $16 million benefit related to acquisition-related integration charges, the provision for loans and receivables with CCC and goodwill amortization.

Financial Condition, Liquidity, and Capital Resources

Our cash, cash equivalents, and short-term investments totaled $379 million at March 31, 2002 compared to $336 million at December 31, 2001.

Operating Activities: We generated cash flow from operations of $81 million in the first three months of 2002 compared to $37 million generated in the first three months of 2001. The cash generated from operations in the first three months of 2002 was driven primarily by improved free cash flow and a continued focus on balance sheet management. Compared to the prior-year period, receivable balances decreased $34 million in the first three months of 2002 versus a $248 million decrease in the same period in 2001. Revenues in December 2001 were $210 million lower than in December 2000 resulting in a commensurate decrease in year-end receivables for 2001. Accordingly, subsequent collections of 2001 year-end receivables netted less cash in the first quarter of 2002 than in the first quarter of 2001. Approximately $36 million of receivables were factored without recourse during the first quarter of 2002 compared to $80 million in the prior-year period. Inventory balances increased $1 million in the first three months of 2002 compared to an increase of $40 million in the same period of 2001. Current payables decreased $45 million in the first three months of 2002 compared to a decrease of $184 million in the same period of 2001. The year over year change was primarily driven by a lower volume of business during the fourth quarter of 2001 compared to the volume of business experienced during the fourth quarter of 2000. The timing of disbursements for employee severance and pension resulted in a $33 million utilization of cash in the first three months of 2002 compared to a $59 million utilization of cash in the prior-year period.

Investing Activities: Net cash flows used in investing activities was $38 million in the first three months of 2002 and $96 million in the same period of 2001. The improvement versus the prior-year period was primarily due to lower capital expenditures during the first quarter of 2002 compared to the first quarter of 2001. Capital expenditures were $20 million for the first quarter of 2002 and $53 million for the comparable period in 2001.

Financing Activities: Net cash provided by financing activities was zero during the first three months of 2002 compared to $26 million in the same period of 2001. In the first three months of 2002, no cash was used for the purchase of Company common stock pursuant to the systematic stock repurchase program compared to a $34 million use for stock repurchases in the same period in 2001. During the first three months of 2002, cash was utilized to repay short-and long-term borrowings of $34 million, compared to a $26 million source of cash from borrowing in the prior-year period. In the first three months of 2002 and 2001, other financing activities provided $34 million. Other financing activities primarily relate to share activity under our stock option and employee stock purchase plans.

Contractual and Other Commercial Commitments: There has been no significant change in our contractual and other commercial commitments as described in our 2001 Annual Report to Stockholders and Form 10-K for the year ended December 31, 2001.

In October 2001, we entered into a $200 million 364-day unsecured revolving credit facility with a one year term-out option and a $400 million five-year unsecured revolving credit facility, both with a syndicate of financial institutions. The credit facilities contain certain representations and warranties; conditions; affirmative, negative and financial covenants; and events of default customary for such facilities. Interest rates charged on borrowings outstanding under the credit facilities are based on prevailing market rates. No amounts were outstanding under the facilities at March 31, 2002 or December 31, 2001.

We believe that cash flows from operations, the credit facilities (existing or future arrangements) and other short- and long-term debt financings, if any, will be sufficient to satisfy our future working capital, research and development, capital expenditures and other financing requirements for the foreseeable future. Our ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described below in Management's Discussion and Analysis of Financial Condition and Results of Operations. If we are unable to generate sufficient cash flows from operations, or otherwise comply with the terms of our credit facilities, we may be required to refinance all or a portion of our existing debt or seek additional financing alternatives.

Factors That May Affect Future Results

This quarterly report and other documents that we file with the Securities and Exchange Commission (SEC), as well as other oral or written statements we may make from time to time, contain information based on management's beliefs and include forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that involve a number of known and unknown risks, uncertainties and assumptions. These forward-looking statements are not guarantees of future performance, and there are a number of factors including, but not limited to, those listed below, which could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

We operate 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 Corporation (IBM), Oracle Corporation, Unisys Corporation, Diebold, Inc. and Wincor Nixdorf GmbH & Co., some of which have widespread penetration of their platforms and service offerings. In addition, we compete with companies in niche markets such as advanced retail solutions and entry-level ATMs. 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.

Our future competitive performance depends on a number of factors, including our ability to: rapidly and continually design, develop and market, or otherwise maintain and introduce solutions and related products and services for our customers that are competitive in the marketplace; offer a wide range of solutions from web-enabled kiosks to 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 network services; market and sell all of our solutions effectively; and produce and deliver solutions at competitive operating margins. These competitive factors and pricing pressures may impact our ability to improve gross margins and profitability, especially in our more mature solution offerings such as our Financial Self Service and traditional Retail Store Automation solutions.

Introduction of New Solutions
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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 are unable to successfully market and sell both existing and newly developed solutions, such as our self-checkout technologies, electronic shelf labels and full-function ATMs and outsourcing 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 remedy errors that we believe would be considered critical by our customers prior to shipment, we may not be able to detect or remedy 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
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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 Retail 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 that have complementary products, services and skills. Many different relationships are formed by these alliances such as outsourcing arrangements to manufacture hardware and subcontract agreements with third parties to perform services and provide products to our customers in connection with our solutions. These alliances introduce risks that we cannot 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 or contractual arrangements 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. Further, we may not achieve the projected synergies once we have integrated the business into our operations.

It is our policy not to discuss or comment upon negotiations regarding such business combinations or divestitures until a definitive agreement is signed or circumstances indicate a high degree of probability that a material transaction will be consummated, unless the law requires otherwise.

Operating Result Fluctuations

Our revenues and operating results could fluctuate for a number of reasons.

Future operating results could continue to be subject to 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.

Cost/Expense Reductions. We are actively working to manage our costs and expenses to continue to improve operating profitability without jeopardizing the quality of our products. We are also striving to become the leading, low-cost provider of certain Financial Self Service and Retail Store Automation solutions. Our success in achieving targeted cost and expense reductions depends on a number of factors, including our ability to achieve infrastructure rationalizations, implement Six Sigma practices, improve accounts receivable collections, and reduce inventory overhead, among other things. If we do not successfully complete our cost reduction initiatives, our results of operation or financial condition could be adversely affected.

Multinational Operations

Continuing to generate substantial revenues from our multinational operations helps to balance our risks and meet our strategic goals.

Currently, approximately 57% 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 domestically in the United States and 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; currency exchange rate fluctuations which could result in lower demand for our products as well as generate currency translation losses; 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; and the impact of terrorist activity on the economy or markets in general, or on our ability, or that of our suppliers, to meet commitments, or on the timing of purchases by our customers.

Employees
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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. If we are not able to attract or retain highly qualified employees in the future, our business and operating results could be impacted.

Intellectual Property
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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 are 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.

Economic Pressures
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Our business is affected by the global economies in which we operate.

The recent economic downturn and the subsequent decline in capital spending by many industries, particularly retail and telecommunications, could impact 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 sale solutions) by our current and potential customers. The extent of this impact, if any, is dependent on a number of factors, including the duration and intensity of the downturn, its effect on the markets in general and other general economic and business conditions.

Environmental
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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 5 of Notes to Condensed Consolidated Financial Statements, 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
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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.

Recently Issued Accounting Pronouncements

Statement of Financial Accounting Standards No. 142. We adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142) on January 1, 2002. SFAS 142, which supersedes Accounting Principles Board Opinion No. 17, "Intangible Assets", defines new accounting treatment for goodwill and other intangible assets. This standard eliminates the amortization of goodwill and other intangible assets that have indefinite lives. It establishes a requirement that goodwill and other intangible assets with indefinite lives be tested at least annually for impairment, provides specific guidance on such testing, and requires disclosures of information about goodwill and other intangible assets in the years subsequent to their acquisition. As required by the adoption of SFAS 142, we are employing the transitional goodwill impairment test to assess the potential impairment loss of our goodwill assets. We have not finalized the analysis, but expect to record a non-cash impairment loss of between $300 million and $350 million as a cumulative effect of accounting change in the second quarter of 2002.

Key Accounting Policies

There has been no significant change in our key accounting policies as described in our 2001 Annual Report to Stockholders and Form 10-K for the year ended December 31, 2001.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 U.S., and in currencies other than the U.S. dollar, 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 12 months. At inception, select derivative instruments are designated as cash-flow hedges of inventory purchases and sales, and of certain financing transactions that are firmly committed or forecasted. Gains and losses on qualifying cash-flow hedge 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 recognized in other income or expense as exchange rates change.

For purposes of potential risk analysis, we use sensitivity analysis to quantify potential impacts that market rate changes may have on the fair values of our hedge portfolio related to firmly committed or forecasted transactions. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction. As of March 31, 2002 and 2001, a 10% appreciation in the value of the U.S. dollar against foreign currencies from the prevailing market rates would result in a $63 million increase or a $40 million increase in the fair value of the hedge portfolio, respectively. Conversely, a 10% depreciation of the U.S. dollar against foreign currencies from the prevailing market rates would result in a $24 million decrease or a $6 million decrease in the fair value of the hedge portfolio as of March 31, 2002 and 2001, respectively.

The interest rate risk associated with our borrowing and investing activities at March 31, 2002 was not material in relation to our consolidated financial position, results of operations or cash flows. We generally do not use derivative financial instruments to alter the interest rate characteristics of our investment holdings or debt instruments.

The only financial instruments that we utilize that are not exchange traded are foreign exchange forward contracts and options that we purchase exclusively from large financial institutions. We record these contracts on our balance sheet at fair market value based upon market-price quotations from the financial institutions. Accordingly, we do not enter into non-exchange traded contracts that require the use of fair value estimation techniques, and that would have a material impact on our financial results.

We are potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments, short-term investments, and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Our business often involves large transactions with customers, and if one or more of those customers were to default in its obligations under applicable contractual arrangements, we could be exposed to potentially significant losses. Moreover, the recent downturn in the U.S. economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. However, we believe that the reserves for potential losses are adequate. At March 31, 2002 and 2001, we did not have any major concentration of credit risk related to financial instruments.

Part II. Other Information

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the first quarter of 2002. NCR's Annual Meeting of Stockholders was held on April 24, 2002. At the Annual Meeting, stockholders voted on three matters: a proposal to elect C.K. Prahalad and William S. Stavropoulos as Class C directors, a proposal to approve the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2002, and a stockholder proposal regarding adoption of the MacBride Principles in Northern Ireland. The number of shares voted with respect to each matter required to be reported herein are as follows:

1. Election of Class C Directors:

C.K. Prahalad	For: 78,941,591	Withheld: 2,217,724
William S. Stavropoulos	For: 78,948,701	Withheld: 2,210,613

Directors whose term of office continued after the meeting:

Lars Nyberg
David R. Holmes
Linda Fayne Levinson
James R. Long
James O. Robbins

2. Approve appointment of PricewaterhouseCoopers LLP as independent accountants for 2002.

For:	77,649,605
Against:	3,094,170
Abstain:	403,133

3. Stockholder proposal regarding the Company's business operations in Northern Ireland.

For:	9,399,691
Against:	57,213,197
Abstain:	2,228,563

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 June 25, 2001 (incorporated by reference to Exhibit 3.2 from the NCR Corporation Form 10-Q for the quarter ended June 30, 2001).

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).

4.3 NCR Corporation hereby agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of NCR Corporation and all of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed, and which does not exceed 10% of the total assets of NCR Corporation and its subsidiaries on a consolidated basis.

(b) Reports on Form 8-K

NCR filed a Current Report on Form 8-K dated April 23, 2002, which reported under Item 5 of such form the Press Release addressing NCR's results for the first quarter of 2002. NCR filed a Current Report on Form 8-K dated April 29, 2002, which reported under Item 5 of such form the purchase of 25,000 shares of NCR stock by Lars Nyberg, Chairman and Chief Executive Officer of NCR Corporation.

UNIX is either a registered trademark or trademark of The Open Group in the United States and/or other countries. Windows NT is either a registered trademark or trademark of Microsoft Corporation in the United States and/or other countries. Six Sigma is either a registered trademark or trademark of Motorola, 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: May 6, 2002

By: /s/ Earl Shanks

Earl Shanks, Senior Vice President
and Chief Financial Officer