



## TO THE PEOPLE OF NCR:

This is an exciting time for the people of NCR. We are experiencing great change and facing great challenges as we look toward a promising future on our own. In a sense, NCR is a 112-year-old start-up company. We combine the freshness of a new company with brand-name equity that has built up over many years with customers and associates around the world.

Moving forward, the people of the new NCR will grow the business by building on our strong foundation of computing technologies, products and services. We will also continue to leverage our market leadership in serving the financial, retail and communications industries. The brand of customer service that has been part of NCR ever since 1884, when John Patterson purchased the National Manufacturing Company and re-named it the National Cash Register Company, will continue to be the backbone of our company. Focused

understanding of customer needs, coupled with the technology, products and know-how to meet those needs, gives NCR an advantage over competitors.

We see growth potential in our business and are becoming better positioned to take advantage of that potential. Since September of 1995, we've made significant changes to improve our business. We improved our focus by exiting the PC manufacturing business, by targeting three industries for comprehensive solutions rather than six, and by sharpening the role of customer support and professional services. We reorganized into a business-unit model that better clarifies accountability and decision-making. We set a goal of \$600 million in annual expense reductions, and we're on target to meet that goal. We're making progress on our commitment to improve internal processes, and our sense of urgency in turning around parts of the business is paying off.

The business that will be in place when the turnaround is complete will be a strong

one. We already lead the market for high-end computer systems and services for transaction processing, decision support and data warehousing – computing that allows businesses to mine valuable nuggets of customer information from mountains of data. In the United States alone, the three largest retailers, the top three airlines and two out of the top three banks have NCR data warehouses. In the retail market, we estimate that we have more than 20 percent of the global market share for point-of-sale terminals, and our scanners check out in excess of 270 billion items a year. We service financial customers in more than 100 countries, and approximately one out of three ATMs around the globe carries the company brand. The market share leader in stock and paper rolls for ATMs and point-of-sale terminals, NCR's Systemedia business manufactures labels, ribbons and other products in 19 facilities around the world.

A global presence will continue to be one of our greatest strengths. More than half of NCR's revenue is generated outside the United States. We have customers in 191 countries. We have associates in more than 130 countries and our Financial Systems Group is headquartered in London. We estimate that the global market for our computer systems and services is already nearly half a trillion dollars, and is growing at more than 7 percent a year.

It is the people of NCR who will bring our technology, products and customers together to meet our potential. The changes and challenges our associates have faced, endured and in most cases overcome are a tribute to the spirit that will make this company a success. Our people have demonstrated determination, integrity and respect – the kind of values that have made and will continue to make NCR a great place to work.

Relationships change over time. Today's colleagues may be tomorrow's customers or

business partners. As the varying destinies of AT&T, Lucent Technologies and NCR play themselves out, I want to wish our colleagues the best of luck as we all move forward to perhaps cross paths in different ways in the future.

**LARS NYBERG**  
CHIEF EXECUTIVE OFFICER

