Company Name: NCR Corporation

U.S. Employees: 11,400

Type of Plan(s): Traditional Defined Benefit — 9,200 participants affected

Date Announced: May 2004

Date Effective: September 1, 2004

Description of Freeze: Partial Freeze and Freeze for New Employees. New U.S. hires and U.S. employees below the age of 40 stopped accruing defined benefit pension benefits as of September 1, 2004.

Plan Solvency: At year end 2004, NCR defined benefit pension obligations were $3.2 billion and assets were $3.0 billion.

Reported Financial Implication: NCR anticipates that its U.S. pension expenses will shrink to “approximately zero” by 2007.

New Arrangements for Employees: NCR increased the total 401(k) contribution match from 3.75 percent to 5 percent of pay. Employees that are eligible and opt to remain in the defined benefit plan will only receive a 3.75 percent match to their 401(k) contributions.

Background: NCR makes ATMs and retail scanners in addition to supplying data-warehousing services. At the time of the freeze, NCR hoped to be able to cut company costs by $250 million between 2003 and 2005, in efforts to remain competitive. The pension freeze came after layoffs in 2003, which, along with other cost saving strategies, saved the company $100 million.

References