
**UNITED STATES
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 (Date of earliest event reported): April 28, 2011

NCR CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

Maryland
(State or other jurisdiction of
incorporation or organization)

31-0387920
(I.R.S. Employer
Identification No.)

**3097 Satellite Boulevard
Duluth, Georgia 30096**
(Address of principal executive offices and zip code)

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

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On April 28, 2011, the Company issued a press release setting forth its first quarter 2011 financial results along with its forecast for 2011 financial outlook. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

The following exhibit is attached with this current report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u> |
|------------------------|---|
| 99.1 | Press Release issued by the Company, dated April 28, 2011 |

SIGNATURES

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: April 28, 2011

By: /s/ Robert Fishman
Robert Fishman
Senior Vice President and Chief Financial Officer

Index to Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|------------------------|---|
| 99.1 | Press Release issued by the Company, dated April 28, 2011 |



Experience a new world of interaction

NEWS RELEASE

April 28, 2011

NCR announces strong first-quarter results

- **Operational results ahead of expectations**
- **Revenue growth of 6%; orders up 14% compared to prior year period**
- **GAAP Diluted EPS from continuing operations of \$0.06 compared to a loss of \$0.12 in the prior year period; non-GAAP Diluted EPS from continuing operations⁽¹⁾ of \$0.27, an increase of 80% from the prior year period**
- **NCR repurchased approximately 1.8 million shares in the first quarter**
- **NCR raises full year 2011 earnings guidance**

DULUTH, Georgia – NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2011. Reported revenue of \$1.1 billion increased 6 percent from the first quarter of 2010. First-quarter revenues reflect a favorable impact of 2 percent as a result of foreign currency translation.

NCR reported first-quarter income from continuing operations (attributable to NCR) of \$10 million, or \$0.06 per diluted share, compared to a loss from continuing operations (attributable to NCR) of \$19 million, or \$0.12 per diluted share, in the first quarter of 2010. Income from continuing operations in the first quarter of 2011 included \$51 million (\$35 million or \$0.22 per diluted share, after-tax) of pension expense and \$3 million (\$2 million or \$0.01 per diluted share, after-tax) of benefit from final settlement of a litigation matter. Income from continuing operations for the first quarter of 2010 included \$56 million (\$40 million or \$0.25 per diluted share, after-tax) of pension expense and \$5 million (\$3 million or \$0.02 per diluted share, after-tax) of incremental costs related to the relocation of the Company's global headquarters. Excluding these items, non-GAAP income from continuing operations⁽¹⁾ in the first quarter of 2011 was \$0.27 per diluted share compared to \$0.15 in the prior year period.

"Our first quarter results reflect good execution by the NCR team and give us incremental confidence to raise guidance for 2011" said Bill Nuti, chairman and chief executive officer of NCR. "Our core industries generated solid order and revenue growth driven by our global market leadership in the financial services segment, strong demand for our retail self-checkout solutions and growth in services. We secured improved results from our emerging industries segment as well, including new deployments and improving performance in entertainment. As we move through 2011, NCR is focused on continued order momentum, driving adoption of innovative new solutions across customer verticals and furthering productivity and efficiency gains to expand margins and increase cash flow."

First-Quarter 2011 Operating Segment Results⁽²⁾

As stated in NCR's most recent Form 10-K filing with the Securities and Exchange Commission, effective January 1, 2011, NCR changed its segment reporting to a line of business model from a geographic segment model to align with our operational management along lines of business. Prior results have been restated under the line of business model for comparison purposes.

Financial Services

NCR's Financial Services segment generated first-quarter revenue of \$592 million, an increase of 3 percent from the first quarter of 2010. Growth was evident across most geographies, including the Brazil/India/China/Middle East/Africa (BICMEA) region as well as in the Caribbean and Latin America (CLA) region. The first-quarter year-over-year revenue comparison included 3 percentage points of benefit from foreign currency translation.

Retail & Hospitality

The Retail & Hospitality segment reported revenue of \$376 million, up 5 percent from the first quarter of 2010. Revenue growth was driven by continued customer adoption of self-checkout solutions as well as assisted point-of-sale rollouts. The first quarter year-over-year revenue comparison included 2 percentage points of benefit from foreign currency translation.

Entertainment

Entertainment revenue of \$37 million increased 106 percent from the \$18 million recorded in the first quarter of 2010. On a sequential basis, revenues grew 16 percent from the fourth quarter as a result of improved same store sales growth, new entertainment kiosk deployments and the Company's strategy to redeploy selected kiosks to better performing locations.

Emerging Industries

Emerging Industries revenue of \$90 million grew 13 percent versus the prior year period as a result of strong performance in services in our Telecom & Technology and Travel & Gaming customers. The first-quarter year-over-year revenue comparison included 3 percentage points of benefit from foreign currency translation.

First-Quarter 2011 Business Highlights

In the first quarter of 2011, NCR further advanced the deployment and introduction of self-service solutions across its core and emerging industries. The following are NCR's first quarter business highlights:

In the financial services segment, NCR has now installed more intelligent deposit ATMs than any other manufacturer in key global regions, including Europe, MEA and North America according to a report from Retail Banking Research (RBR).

Bellwether Community Credit Union, a financial institution serving more than 26,000 members throughout New Hampshire, has deployed NCR APTRA™ Mobile Banking to offer greater convenience to its members. Bellwether already uses our NCR APTRA™ Online Banking solution and will now provide its members with access to all three self-service banking channels - mobile, online and ATM.

NCR also unveiled the NCR SelfServ 16, a new, compact ATM with the power and reliability of a larger machine. This new ATM is optimally designed for supermarkets, office complexes, convenience stores or other non-bank branch locations. NCR worked closely with Cardtronics - the world's largest ATM owner/operator - to help shape the design and functionality of the NCR SelfServ 16 as a superior off-premise ATM solution. Cardtronics has already purchased a number of NCR SelfServ 16 ATMs for deployment in various locations throughout the world.

NCR and McAfee began offering Solidcore Suite for APTRA™ for use with the McAfee ePolicy Orchestrator® platform, which protects and simplifies security through end-to-end network visibility and automated delivery of security responses. As part of the agreement, NCR and McAfee have developed a new version of Solidcore Suite for APTRA™ that runs seamlessly with McAfee ePO software. NCR will sell Solidcore Suite for APTRA™ to its financial services customers currently running McAfee ePolicy Orchestrator software for security management, and will also introduce Solidcore Suite and McAfee ePolicy Orchestrator software to new customers.

Veteran's Canteen Service (VCS), the retail and hospitality network serving the Department of Veterans Affairs, is deploying a new point-of-sale (POS) solution from NCR in 180 VA hospitals across the United States and Puerto Rico. The solution includes approximately 1,100 NCR RealPOS™ 70XRT POS terminals, the NCR GenPos software, as well as project management, software development, testing, integration, deployment, on-site training and technical support.

In the Entertainment business, NCR is installing its BLOCKBUSTER Express®-branded movie kiosks in 309 Racetrac convenience stores located in five states throughout the Southeast. NCR has already installed nearly 200 of the kiosks with the remaining kiosks expected to be installed by June 2011.

In the Travel & Gaming business, a major travel company selected NCR to provide a new self-service kiosk ticketing solution that will allow passengers to buy tickets at the kiosks or pick-up tickets that were purchased online. NCR will also provide support services for the kiosks. Initially, 150 kiosks will be deployed at major stations in the Northeast and additional kiosks will be deployed later at stations throughout the U.S.

NCR continued to expand its global services business. NCR was selected to provide help desk, customer support, and other managed services for the Spanish-speaking customers of Philips S.A. throughout Latin America. NCR will provide technical support and customer care services for all Phillips S.A. consumer products, assist with inbound marketing support for promotions and deliver other specialized call center functions all through its facility in Buenos Aires.

Easynet and NCR formed a global managed hardware services partnership through which NCR Telecom & Technology will provide hardware procurement, on-site hardware installation and maintenance support services to Easynet's networking customers. The partnership will help deliver faster roll-out times and higher levels of availability to Easynet customers in over 190 countries worldwide. NCR will focus on countries not currently covered by Easynet's field service teams.

First-Quarter 2011 Financial Highlights

Income from operations was \$6 million in the first quarter of 2011, which included \$51 million of pension expense. This compares to \$18 million of loss from operations in the first quarter of 2010, which included \$56 million of pension expense and \$5 million of incremental costs related to the headquarters relocation. Excluding these items, non-GAAP income from operations (2) was \$57 million in the first quarter of 2011 compared to \$43 million in the first quarter of 2010.

NCR generated \$44 million of cash from operating activities during the first quarter of 2011 compared to \$22 million in the year-ago period. Cash from operating activities in the first quarter of 2011 was positively impacted by a slight improvement in working capital period over period. Net capital expenditures of \$39 million in the first quarter of 2011 decreased from the \$51 million in capital expenditures in the year-ago period, primarily as a result of reduced capital expenditures in the Entertainment business. Discontinued operations yielded \$1 million of cash outflow in the first quarter 2011 compared to \$8 million of cash outflow in the first quarter of 2010. NCR generated free cash flow (cash from operations and discontinued operations, less capital expenditures and additions to capitalized software)⁽³⁾ of \$4 million in the first quarter of 2011, compared to free cash used of \$37 million in the first quarter of 2010.

NCR contributed approximately \$20 million to its international and executive pension plans in the first quarter of 2011 compared to \$17 million in the first quarter of 2010. The company expects to contribute approximately \$125 million in 2011. The net funded status of the company's global pension plans was approximately \$(997) million as of December 31, 2010, an improvement of \$51 million from the previous year end.

Other income, net was \$6 million in the first quarter of 2011 compared to \$1 million in the prior year period. Other income in the first quarter of 2011 included a \$3 million benefit from a litigation matter settled during the quarter and \$2 million from the sale of certain patents.

Income tax expense was \$1 million in the first quarter of 2011 compared to a benefit of \$1 million in the first quarter of 2010. NCR expects its full year 2011 effective income tax rate to be approximately 27%.

NCR repurchased approximately 1.8 million shares of its common stock for approximately \$35 million during the first quarter.

NCR ended the first quarter of 2011 with \$480 million in cash and cash equivalents compared to the \$496 million balance as of December 31, 2010. As of March 31, 2011, NCR had a debt balance of \$11 million.

2011 Outlook

As previously disclosed, NCR expects full-year 2011 revenues to increase in the range of 5 to 7 percent on a constant currency basis compared with 2010. Including the continuing investment in the entertainment portfolio, the company now expects its full-year 2011

Income from Operations (GAAP) to be \$170 million to \$185 million, non-GAAP non-pension operating income (NPOI)⁽²⁾ to be in the range of \$380 to \$395 million, GAAP diluted earnings per share to be \$0.77 to \$0.84 and non-GAAP diluted earnings per share excluding pension expense and special items⁽¹⁾ to be in the range of \$1.70 to \$1.77 per diluted share. The 2011 non-GAAP EPS guidance excludes estimated pension expense of \$210 million (approximately \$151 million after-tax) compared with actual pension expense of \$208 million (\$149 million after-tax) in 2010. NCR expects its full year 2011 effective income tax rate to be approximately 27 percent.

The company expects second quarter 2011 non-pension operating income (NPOI)⁽²⁾ to be in the range of \$95 million to \$100 million, compared to \$88 million in the second quarter of 2010. The company expects its second quarter 2011 effective tax rate to be in the range of 30% to 35%.

| | <u>Current 2011 Guidance</u> | <u>Prior 2011 Guidance</u> | <u>2010 Actual</u> |
|--|----------------------------------|--------------------------------|------------------------|
| Year-over-year revenue (constant currency) | 5% - 7% | 5% - 7% | 3% |
| Income from Operations (GAAP) | \$170 - \$185 million | \$160 - \$180 million | \$99 million |
| Non-pension operating income ⁽²⁾ | \$380 - \$395 million | \$370 - \$390 million | \$333 million |
| Diluted earnings per share (GAAP) | \$0.77 - \$0.84 | \$0.71 - \$0.81 | \$0.69 |
| Diluted earnings per share excluding pension expense and special items (non-GAAP) ⁽¹⁾ | \$1.70 - \$1.77 | \$1.65 - \$1.75 | \$1.53 |

2011 First Quarter Earnings Conference Call

A conference call is scheduled today at 4:30 p.m. (EST) to discuss the company's 2011 first-quarter results and guidance for full-year 2011. Access to the conference call, as well as a replay of the call, is available on NCR's Web site at <http://investor.ncr.com/>.

About NCR Corporation

NCR Corporation (NYSE: NCR) is a global technology company leading how the world connects, interacts and transacts with business. NCR's assisted- and self-service solutions and comprehensive support services address the needs of retail, financial, travel, healthcare, hospitality, entertainment, gaming and public sector organizations in more than 100 countries. NCR (www.ncr.com) is headquartered in Duluth, Georgia.

NCR is a trademark of NCR Corporation in the United States and other countries.

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Reconciliation of Diluted Earnings (Loss) Per Share from Continuing Operations (attributable to NCR) (GAAP) to Non-GAAP Measures

| | Q1 2011 Actual | Q1 2010 Actual | Current 2011 Guidance | Prior 2011 Guidance | FY 2010 Actual |
|--|-------------------|-------------------|--------------------------|------------------------|-------------------|
| Diluted Earnings (Loss) Per Share from Continuing Operations (attributable to NCR) (GAAP) | \$ 0.06 | (\$ 0.12) | \$0.77-\$0.84 | \$0.71-\$0.81 | \$ 0.69 |
| Pension Expense | (0.22) | (0.25) | (0.94) | (0.94) | (0.93) |
| Global headquarters relocation | — | (0.02) | — | — | (0.07) |
| Legal settlements and charges | 0.01 | — | 0.01 | — | (0.03) |
| Investment impairment charge | — | — | — | — | (0.05) |
| Japanese subsidiary valuation reserve | — | — | — | — | 0.24 |
| Diluted Earnings Per Share from Continuing Operations (attributable to NCR) (non-GAAP) ⁽¹⁾ | \$ 0.27 | \$ 0.15 | \$1.70-\$1.77 | \$1.65-\$1.75 | \$ 1.53 |

Reconciliation of Income (Loss) from Operations (GAAP) to Non-GAAP Measure (in millions)

| | Q1 2011 Actual | Q1 2010 Actual | Current 2011 Guidance | Prior 2011 Guidance | FY 2010 Actual |
|---|-------------------|-------------------|--------------------------|------------------------|-------------------|
| Income (Loss) from Operations (GAAP) | \$ 6 | (\$ 18) | \$170-\$185 | \$160-\$180 | \$ 99 |
| Pension expense | \$ 51 | \$ 56 | \$ 210 | \$ 210 | \$ 208 |
| Global headquarters relocation | — | \$ 5 | — | — | \$ 18 |
| Legal charges | — | — | — | — | \$ 8 |
| Non-pension Operating Income (non-GAAP) ⁽²⁾ | \$ 57 | \$ 43 | \$380-\$395 | \$370-\$390 | \$ 333 |

Free Cash Flow (Used)

| | For the Periods Ended March 31 | |
|--|--------------------------------|----------------|
| | (in millions) | |
| | Three Months | |
| | 2011 | 2010 |
| Net cash provided by operating activities (GAAP) | \$ 44 | \$ 22 |
| Less capital expenditures for: | | |
| Property, plant and equipment, net of grant reimbursements | (25) | (38) |
| Capitalized software | (14) | (13) |
| Total capital expenditures, net | (39) | (51) |
| Net cash used in discontinued operations | (1) | (8) |
| Free cash flow (used) (non-GAAP)⁽³⁾ | \$ 4 | (\$ 37) |

- (1) While NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP, it believes that certain non-GAAP measures provide additional useful information regarding NCR's financial results. NCR's management evaluates the company's results excluding certain items, such as pension expense, to assess the financial performance of the company and believes this information is useful for investors because it provides a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with past reports of financial results. In addition, management uses certain of these measures to manage and determine effectiveness of its business managers and as a basis for incentive compensation. These non-GAAP measures should not be considered as substitutes for or superior to results determined in accordance with GAAP.
- (2) The segment results included in Schedule B and non-GAAP income from operations (non-pension operating income) and non-GAAP earnings per share discussed in this earnings release exclude the impact of pension expense and certain items. Due to the significant change in its pension expense from year to year and the non-operational nature of pension expense and these special items, NCR's management uses non-pension operating expense and non-GAAP earnings per share to evaluate year-over-year operating performance. NCR may, in addition, segregate special items from its GAAP results from time to time to reflect the ongoing earnings per share performance of the company. NCR also uses non-pension operating income and non-GAAP earnings per share to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR determines non-pension operating income based on its GAAP income (loss) from operations excluding pension expense and special items. These non-GAAP measures should not be considered as substitutes for or superior to results determined in accordance with GAAP.
- (3) Free cash flow does not have a uniform definition under GAAP and, therefore, NCR's definition may differ from other companies' definitions of this measure. NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, and additions to capitalized software.

NCR's management uses free cash flow to assess the financial performance of the company and believes it is useful for investors because it relates the operating cash flow of the company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for, among other things, investment in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of company stock and repayment of the company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered a substitute for or superior to cash flows from operating activities determined in accordance with GAAP.

Note to investors - This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, and future economic performance, among other things. 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 those relating to: the uncertain economic climate, which could impact the ability of our customers to make capital expenditures, thereby affecting their ability to purchase our products, and consolidation in the financial services sector, which could impact our business by reducing our customer base; the timely development, production or acquisition and market acceptance of new and existing products and services (such as self-service technologies), including our ability to accelerate market acceptance of new products and services; shifts in market demands, continued competitive factors and pricing pressures and their impact on our ability to improve gross margins and profitability, especially in our more mature offerings; the effect of currency translation; short product cycles, rapidly changing technologies and maintaining a competitive leadership position with respect to our solution offerings; tax rates; ability to execute our business and reengineering plans; turnover of workforce and the ability to attract and retain skilled employees, especially in light of continued cost-control measures being taken by the company; availability and successful exploitation of new acquisition and alliance opportunities; access to DVD inventory and the conversion to, and market adoption of, alternative methods of entertainment content delivery; changes in Generally Accepted Accounting Principles (GAAP) and the resulting impact, if any, on the company's accounting policies; continued efforts to establish and maintain best-in-class internal information technology and control systems; the success of our pension strategy; compliance with requirements relating to data privacy and protection; and other factors detailed from time to time in the company's U.S. Securities and Exchange Commission reports and the company's annual reports to stockholders. 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)
(in millions, except per share amounts)

| | For the Periods Ended March 31 | |
|---|--------------------------------|------------------|
| | Three Months | |
| | 2011 | 2010 |
| Revenue | | |
| Products | \$ 494 | \$ 468 |
| Services | <u>601</u> | <u>561</u> |
| Total revenue | 1,095 | 1,029 |
| Cost of products | 404 | 383 |
| Cost of services | <u>481</u> | <u>455</u> |
| Total gross margin | 210 | 191 |
| % of Revenue | 19.2% | 18.6% |
| Selling, general and administrative expenses | 164 | 170 |
| Research and development expenses | <u>40</u> | <u>39</u> |
| Income (loss) from operations | 6 | (18) |
| % of Revenue | 0.5% | (1.7%) |
| Interest expense | — | (1) |
| Other income, net | <u>6</u> | <u>1</u> |
| Total other income, net | 6 | — |
| Income (loss) before income taxes and discontinued operations | 12 | (18) |
| % of Revenue | 1.1% | (1.7%) |
| Income tax expense (benefit) | <u>1</u> | <u>(1)</u> |
| Income (loss) from continuing operations | 11 | (17) |
| Income from discontinued operations, net of tax | <u>3</u> | <u>—</u> |
| Net income (loss) | 14 | (17) |
| Net income attributable to noncontrolling interests | 1 | 2 |
| Net income (loss) attributable to NCR | <u>\$ 13</u> | <u>\$ (19)</u> |
| Amounts attributable to NCR common stockholders: | | |
| Income (loss) from continuing operations | \$ 10 | \$ (19) |
| Income from discontinued operations, net of tax | 3 | — |
| Net income (loss) | <u>\$ 13</u> | <u>\$ (19)</u> |
| Net income (loss) per share attributable to NCR common stockholders: | | |
| Net income (loss) per common share from continuing operations | | |
| Basic | <u>\$ 0.06</u> | <u>\$ (0.12)</u> |
| Diluted | <u>\$ 0.06</u> | <u>\$ (0.12)</u> |
| Net income (loss) per common share | | |
| Basic | <u>\$ 0.08</u> | <u>\$ (0.12)</u> |
| Diluted | <u>\$ 0.08</u> | <u>\$ (0.12)</u> |
| Weighted average common shares outstanding | | |
| Basic | 159.2 | 159.9 |
| Diluted | 161.7 | *159.9 |

* Due to the net loss from continuing operations, potential common shares that would cause dilution, such as stock options and restricted stock, have been excluded from the diluted share count because their effect would have been anti-dilutive. For the three months ended March 31, 2010, fully diluted shares would have been 161.1 million.



NCR CORPORATION
CONSOLIDATED REVENUE and OPERATING INCOME SUMMARY
(Unaudited)
(in millions)

| | For the Periods Ended March 31 | | |
|--|--------------------------------|----------------|----------|
| | Three Months | | % Change |
| | 2011 | 2010 | |
| Revenue by segment | | | |
| Financial Services | \$ 592 | \$ 573 | 3% |
| Retail and Hospitality | 376 | 358 | 5% |
| Entertainment | 37 | 18 | 106% |
| Emerging Industries | 90 | 80 | 13% |
| Total revenue | <u>\$1,095</u> | <u>\$1,029</u> | 6% |
| Operating income by segment | | | |
| Financial Services | \$ 47 | \$ 33 | |
| % of Revenue | 7.9% | 5.8% | |
| Retail and Hospitality | 11 | 5 | |
| % of Revenue | 2.9% | 1.4% | |
| Entertainment | (15) | (12) | |
| % of Revenue | (40.5%) | (66.7%) | |
| Emerging Industries | 14 | 17 | |
| % of Revenue | 15.6% | 21.3% | |
| Subtotal-segment operating income | <u>\$ 57</u> | <u>\$ 43</u> | |
| % of Revenue | 5.2% | 4.2% | |
| Pension expense | 51 | 56 | |
| Other adjustments ⁽¹⁾ | — | 5 | |
| Total income (loss) from operations | <u>\$ 6</u> | <u>\$ (18)</u> | |

(1) Other adjustments include \$5 million of incremental costs directly related to the relocation of the Company's worldwide headquarters for the three months ended March 31, 2010.



NCR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in millions, except per share amounts)

| | March 31 2011 | December 31 2010 |
|--|------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 480 | \$ 496 |
| Accounts receivable, net | 946 | 928 |
| Inventories, net | 793 | 741 |
| Other current assets | 349 | 313 |
| Total current assets | 2,568 | 2,478 |
| Property, plant and equipment, net | 434 | 429 |
| Goodwill | 116 | 115 |
| Prepaid pension cost | 314 | 286 |
| Deferred income taxes | 624 | 630 |
| Other assets | 416 | 423 |
| Total assets | \$ 4,472 | \$ 4,361 |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Short-term borrowings | \$ 1 | \$ 1 |
| Accounts payable | 540 | 499 |
| Payroll and benefits liabilities | 150 | 175 |
| Deferred service revenue and customer deposits | 424 | 362 |
| Other current liabilities | 389 | 379 |
| Total current liabilities | 1,504 | 1,416 |
| Long-term debt | 10 | 10 |
| Pension and indemnity plan liabilities | 1,278 | 1,259 |
| Postretirement and postemployment benefits liabilities | 312 | 309 |
| Income tax accruals | 138 | 165 |
| Environmental liabilities | 237 | 244 |
| Other liabilities | 43 | 42 |
| Total liabilities | 3,522 | 3,445 |
| Stockholders' equity | | |
| NCR stockholders' equity: | | |
| Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at March 31, 2011, and December 31, 2010, respectively | — | — |
| Common stock: par value \$0.01 per share, 500.0 shares authorized, 158.5, and 159.7 shares issued and outstanding at March 31, 2011, and December 31, 2010, respectively | 2 | 2 |
| Paid-in capital | 261 | 281 |
| Retained earnings | 1,948 | 1,935 |
| Accumulated other comprehensive loss | (1,296) | (1,335) |
| Total NCR stockholders' equity | 915 | 883 |
| Noncontrolling interests in subsidiaries | 35 | 33 |
| Total stockholders' equity | 950 | 916 |
| Total liabilities and stockholders' equity | \$ 4,472 | \$ 4,361 |



NCR CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)
 (in millions)

| | For the Periods Ended March 31 | |
|--|--------------------------------|---------------|
| | Three Months | |
| | 2011 | 2010 |
| Operating activities | | |
| Net income (loss) | \$ 14 | \$ (17) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| (Income) loss from discontinued operations | (3) | — |
| Depreciation and amortization | 37 | 32 |
| Stock-based compensation expense | 7 | 2 |
| Excess tax benefit from stock-based compensation | (1) | — |
| Deferred income taxes | (5) | 10 |
| Gain on sale of property, plant, and equipment | (2) | — |
| Changes in assets and liabilities: | | |
| Receivables | (18) | 12 |
| Inventories | (52) | (34) |
| Current payables and accrued expenses | 14 | (36) |
| Deferred service revenue and customer deposits | 62 | 47 |
| Employee severance and pension | 33 | 37 |
| Other assets and liabilities | (42) | (31) |
| Net cash provided by operating activities | <u>44</u> | <u>22</u> |
| Investing activities | | |
| Grant reimbursements from capital expenditures | — | 1 |
| Expenditures for property, plant and equipment | (25) | (39) |
| Proceeds from sales of property, plant and equipment | 2 | — |
| Additions to capitalized software | (14) | (13) |
| Net cash used in investing activities | <u>(37)</u> | <u>(51)</u> |
| Financing activities | | |
| Purchase of Company common stock | (35) | — |
| Excess tax benefit from stock-based compensation | 1 | — |
| Repayment of senior unsecured notes | — | (4) |
| Proceeds from employee stock plans | 6 | 2 |
| Net cash used in financing activities | <u>(28)</u> | <u>(2)</u> |
| Cash flows from discontinued operations | | |
| Net cash provided by (used in) operating activities | (1) | (8) |
| Effect of exchange rate changes on cash and cash equivalents | 6 | (4) |
| Decrease in cash and cash equivalents | (16) | (43) |
| Cash and cash equivalents at beginning of period | <u>496</u> | <u>451</u> |
| Cash and cash equivalents at end of period | <u>\$ 480</u> | <u>\$ 408</u> |



NCR CORPORATION
CONSOLIDATED REVENUE and OPERATING INCOME (LOSS) SUMMARY
(Unaudited)
(in millions)

| | Q1 | Q2 | 2010 Q3 | Q4 | Total |
|--|----------------|----------------|----------------|----------------|----------------|
| Revenue by segment | | | | | |
| Financial Services | \$ 573 | \$ 633 | \$ 655 | \$ 785 | \$2,646 |
| Retail and Hospitality | 358 | 438 | 430 | 479 | 1,705 |
| Entertainment | 18 | 23 | 29 | 32 | 102 |
| Emerging Industries | 80 | 83 | 93 | 110 | 366 |
| Total revenue | \$1,029 | \$1,177 | \$1,207 | \$1,406 | \$4,819 |
| Operating income by segment | | | | | |
| Financial Services | \$ 33 | \$ 75 | \$ 63 | \$ 79 | \$ 250 |
| % of Revenue | 5.8% | 11.8% | 9.6% | 10.1% | 9.4% |
| Retail and Hospitality | 5 | 15 | 25 | 34 | 79 |
| % of Revenue | 1.4% | 3.4% | 5.8% | 7.1% | 4.6% |
| Entertainment | (12) | (10) | (13) | (15) | (50) |
| % of Revenue | (66.7%) | (43.5%) | (44.8%) | (46.9%) | (49.0%) |
| Emerging Industries | 17 | 8 | 15 | 14 | 54 |
| % of Revenue | 21.3% | 9.6% | 16.1% | 12.7% | 14.8% |
| Subtotal - segment operating income | \$ 43 | \$ 88 | \$ 90 | \$ 112 | \$ 333 |
| % of Revenue | 4.2% | 7.5% | 7.5% | 8.0% | 6.9% |
| Pension expense | 56 | 50 | 50 | 52 | 208 |
| Other adjustments ⁽¹⁾ | 5 | 7 | 6 | 8 | 26 |
| Total (loss) income from operations | \$ (18) | \$ 31 | \$ 34 | \$ 52 | \$ 99 |

- (1) Other adjustments in 2010 include \$8 million litigation charge and \$18 million of incremental costs directly related to the relocation of the Company's worldwide headquarters.



NCR CORPORATION
CONSOLIDATED REVENUE and OPERATING INCOME (LOSS) SUMMARY
(Unaudited)
(in millions)

| | Q1 | Q2 | 2009 Q3 | Q4 | Total |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue by segment | | | | | |
| Financial Services | \$ 585 | \$ 606 | \$ 633 | \$ 792 | \$ 2,616 |
| Retail and Hospitality | 338 | 425 | 405 | 442 | 1,610 |
| Entertainment | 3 | 7 | 8 | 9 | 27 |
| Emerging Industries | 82 | 86 | 89 | 102 | 359 |
| Total revenue | <u>\$ 1,008</u> | <u>\$ 1,124</u> | <u>\$ 1,135</u> | <u>\$ 1,345</u> | <u>\$ 4,612</u> |
| Operating income by segment | | | | | |
| Financial Services | \$ 44 | \$ 63 | \$ 60 | \$ 84 | \$ 251 |
| % of Revenue | 7.5% | 10.4% | 9.5% | 10.6% | 9.6% |
| Retail and Hospitality | (15) | 10 | 10 | 9 | 14 |
| % of Revenue | (4.4%) | 2.4% | 2.5% | 2.0% | 0.9% |
| Entertainment | (4) | (7) | (9) | (13) | (33) |
| % of Revenue | (133.3%) | (100.0%) | (112.5%) | (144.4%) | (122.2%) |
| Emerging Industries | 3 | 12 | 9 | 28 | 52 |
| % of Revenue | 3.7% | 14.0% | 10.1% | 27.5% | 14.5% |
| Subtotal - segment operating income | <u>\$ 28</u> | <u>\$ 78</u> | <u>\$ 70</u> | <u>\$ 108</u> | <u>\$ 284</u> |
| % of Revenue | 2.8% | 6.9% | 6.2% | 8.0% | 6.2% |
| Pension expense | 38 | 39 | 41 | 41 | 159 |
| Other adjustments ⁽¹⁾ | — | — | — | 28 | 28 |
| Total (loss) income from operations | <u>\$ (10)</u> | <u>\$ 39</u> | <u>\$ 29</u> | <u>\$ 39</u> | <u>\$ 97</u> |

- (1) Other adjustments in 2009 include a \$22 million charge for the write-off of inventory and the accrual of purchase commitments related to an equity investment, as well as \$6 million for incremental costs directly related to the relocation of the Company's worldwide headquarters.