

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 29, 2014



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))

Item 2.02. Results of Operations and Financial Condition.

On April 29, 2014, the Company issued a press release setting forth its first quarter 2014 financial results along with its updated fiscal year 2014 financial outlook and its second quarter 2014 financial outlook. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On April 29, 2014, the Company will hold its previously announced conference call to discuss its first quarter 2014 results, its updated fiscal year 2014 financial outlook and its second quarter 2014 financial outlook. A copy of supplementary materials that will be referred to in the conference call, and which were posted to the Company's website, is attached hereto as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

The following exhibits are attached with this current report on Form 8-K:

Exhibit No.	Description
99.1	Press Release issued by the Company, dated April 29, 2014
99.2	Supplementary Materials, dated April 29, 2014

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 hereunto duly authorized.

NCR Corporation

By: /s/ Robert Fishman

Robert Fishman

Senior Vice President and Chief Financial Officer

Date: April 29, 2014

Index to 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 29, 2014
99.2	Supplementary Materials, dated April 29, 2014

April 29, 2014

NCR Announces First Quarter 2014 Results

Strong revenue and operating margin led by software-related revenue growth

- Revenue increased 8% to \$1.52 billion; 45% growth in software-related revenue to \$395 million, including 242% growth in SaaS revenue to \$113 million
- Non-pension operating income (NPOI) increased 20% to \$155 million; GAAP income from operations increased 27% to \$108 million
- Non-GAAP diluted EPS of \$0.50; GAAP diluted EPS of \$0.31
- Completed acquisition of Digital Insight Corporation
- Revenue growth guidance updated from 12-14% to 10-12% including 1% of unfavorable foreign currency impact; NPOI and Non-GAAP diluted EPS guidance reaffirmed for full-year 2014

DULUTH, Georgia - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2014.

"Our first quarter results show continued progress in the transformation of NCR into a software-driven leader in consumer transaction technologies," said Chairman and CEO Bill Nuti. "Software-related revenue grew 45% in the first quarter, including SaaS revenue growth of 242%. We are also making good progress integrating the Digital Insight acquisition, which has contributed significantly to our software-related and SaaS revenue growth and broadens our Financial Services technology portfolio similar to the transformation of our Retail Solutions and Hospitality businesses. Although we are seeing a challenging market in Retail Solutions, we are pleased to see the increased strength in the Financial Services industry and feel good about our growth trajectory in 2014. We are reaffirming the NPOI and EPS range, although we do expect to be at the lower end of this range based on what we are seeing today."

Q1 Financial Summary

	First Quarter		
	2014	2013	Change
Revenue	\$1,518 million	\$1,410 million	8% *
Income from operations	\$108 million	\$85 million	27%
Non-pension operating income (NPOI)	\$155 million	\$129 million **	20% **
Diluted earnings per share	\$0.31	\$0.37	(16)% ***
Non-GAAP diluted earnings per share	\$0.50	\$0.54	(7)% ***

* Revenue growth of 10% on a constant currency basis.

** Includes \$13 million benefit related to Q1 2013 amendment to U.S. separation plan; excluding this item, year-over-year change is 34%.

*** Decrease primarily due to higher interest expense in Q1 2014.

In this release, we use the non-GAAP measures non-pension operating income (NPOI), non-GAAP diluted EPS, free cash flow and revenue growth on a constant currency basis. These non-GAAP measures are described and reconciled to their corresponding GAAP measures at the end of this release.

Q1 Supplemental Revenue Information

	First Quarter		
	2014	2013	Change
SaaS	\$ 113	\$ 33	242%
Software License/Software Maintenance	147	136	8%
Professional Services	135	104	30%
Total Software-Related Revenue	395	273	45%
Hardware	570	600	(5%)
Other Services	553	537	3%
Total Revenue	\$ 1,518	\$ 1,410	8%

Software-related revenue grew 45% in the first quarter, including 242% growth related to SaaS, partially due to the contribution of Digital Insight. Professional services revenue increased 30% primarily in the Retail Solutions line of business.

Q1 Operating Segment Results

Revenue by segment	First Quarter		
	2014	2013	% Change
Financial Services	\$ 794	\$ 714	11%
Retail Solutions	490	489	—%
Hospitality	149	131	14%
Emerging Industries	85	76	12%
Total Revenue	\$ 1,518	\$ 1,410	8%
Operating income by segment			
Financial Services	\$ 103	\$ 57	
% of Financial Services Revenue	13.0%	8.0%	
Retail Solutions	36	41	
% of Retail Solutions Revenue	7.3%	8.4%	
Hospitality	12	21	
% of Hospitality Revenue	8.1%	16.0%	
Emerging Industries	4	10	
% of Emerging Industries Revenue	4.7%	13.2%	
Segment operating income	\$ 155	\$ 129	
% of Total Revenue	10.2%	9.1%	

Revenue increased 8% year on year led by strong growth in Financial Services, Hospitality and Emerging Industries. Within Financial Services, Branch Transformation continues to drive strong year on year growth, and Digital Insight contributed \$76 million of revenue in the first quarter of 2014. Retail Solutions results were as expected due to a difficult comparison versus the prior year.

Segment operating income increased 20% year-over-year. The increase was led by growth in Financial Services, which was driven by a higher mix of software-related revenue with the contribution of the Digital Insight business. Retail Solutions and Hospitality operating incomes were negatively impacted by an unfavorable mix of revenue in the quarter

and continued investments in their businesses. Emerging Industries operating income was negatively impacted by on-boarding costs associated with managed services contracts.

Free Cash Flow

	First Quarter	
	2014	2013
Net cash provided by operating activities	\$ 31	\$ 21
Total capital expenditures	(66)	(45)
Net cash (used in) provided by operating activities from discontinued operations	(16)	1
Free cash flow	\$ (51)	\$ (23)

Net cash provided by operating activities increased \$10 million due to increased profitability. Free cash flow decreased \$28 million driven by increases in capital expenditures and cash outflows for discontinued operations related to environmental matters.

More information on NCR's Q1 2014 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

2014 Outlook

	2014 Guidance	2013 Actual
Revenue	\$6,750 - \$6,850 million *	\$6,123 million
Year-over-year revenue growth	10% - 12% *	7%
Income from Operations (GAAP)	\$730 - \$750 million **	\$666 million **
Non-pension operating income (NPOI)	\$900 - \$920 million	\$717 million
Diluted earnings per share (GAAP)	\$2.36 - \$2.46 **	2.67 **
Non-GAAP Diluted EPS	\$3.00 - \$3.10	\$2.81

* Includes 1% of expected unfavorable foreign currency fluctuations; previous revenue guidance was 12% - 14% year-over-year growth.

** For 2013, includes actuarial mark-to-market pension adjustment; for 2014, excludes actuarial mark-to-market pension adjustments to be determined in Q4 2014.

NCR expects approximately \$200 million of other expense, net including interest expense in 2014 and that its full-year 2014 effective income tax rate will be approximately 26%.

Q2 2014 Outlook

For the second quarter of 2014, the Company expects non-pension operating income (NPOI) to be in the range of \$205 million to \$215 million, compared to \$182 million in the second quarter of 2013 and income from operations to be in the range of \$163 million to \$173 million, compared to \$139 million in the second quarter of 2013. NCR expects its second quarter 2014 effective income tax rate to be approximately 29% and other expense, net including interest expense to be approximately \$50 million.

2014 First Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EST) to discuss the first quarter results and guidance for second quarter and full-year 2014. Access to the conference call and accompanying slides, as well as a replay of the call, is available on NCR's web site at <http://investor.ncr.com/>. Additionally, the live call can be accessed by dialing 888-801-6504 and entering the participant passcode 8650319.

About NCR Corporation

NCR Corporation (NYSE: NCR) is the global leader in consumer transaction technologies, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables more than 485 million transactions daily across the financial, retail, hospitality, travel, telecom and technology industries. NCR solutions run the everyday transactions that make your life easier.

NCR is headquartered in Duluth, Georgia with over 29,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries. NCR encourages investors to visit its web site which is updated regularly with financial and other important information about NCR.

Web site: www.ncr.com

Twitter: @NCRCorporation

Facebook: www.facebook.com/ncrcorp

LinkedIn: <http://linkd.in/ncrgroup>

YouTube: www.youtube.com/user/ncrcorporation

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Note to Investors This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “believe,” “will,” “should,” “would,” “could” and words of similar meaning. Statements that describe or relate to NCR’s future plans, goals, intentions, strategies or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in this release include statements about the transformation of NCR and its lines of business; the expected contribution of recently-acquired Digital Insight to NCR’s business and solutions portfolio; NCR’s anticipated growth; and NCR’s 2014 financial outlook (including in the sections entitled “2014 Outlook” and “Q2 2014 Outlook”). Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors relating to: domestic and global economic and credit conditions; the impact of our indebtedness and its terms on our financial and operating activities; our ability to successfully introduce new solutions and compete and in the information technology industry; the transformation of our business model and our ability to sell higher-margin software and services; defects or errors in our products; manufacturing disruptions; the historical seasonality of our sales; foreign currency fluctuations; the availability and success of acquisitions, divestitures and alliances, including the acquisition of Digital Insight; our pension strategy and underfunded pension obligation; tax rates; compliance with data privacy and protection requirements; reliance on third party suppliers; development and protection of intellectual property; workforce turnover and the ability to attract and retain skilled employees; environmental exposures from our historical and ongoing manufacturing activities; and uncertainties with regard to regulations, lawsuits, claims and other matters across various jurisdictions. Additional information concerning these and other factors can be found in the Company’s filings with the U.S. Securities and Exchange Commission, including the Company’s most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. 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.

Non-GAAP Financial Measures While NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP, in this release NCR also uses the non-GAAP measures listed and described below.

Non-Pension Operating Income and Non-GAAP Diluted Earnings Per Share. NCR’s non-pension operating income and non-GAAP diluted earnings per share are determined by excluding pension expense and special items, including amortization of acquisition related intangibles, from NCR’s GAAP income (loss) from operations. 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 income and non-GAAP diluted earnings per share to evaluate year-over-year operating performance, to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR believes these measures are useful for investors because they provide a more complete understanding of NCR’s underlying operational performance, as well as consistency and comparability with NCR’s past reports of financial results.

Free Cash Flow. 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, additions to capitalized software, discretionary pension contributions and settlements. 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. 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.

Revenue Growth on a Constant Currency Basis. NCR’s period-over-period revenue growth on a constant currency basis excludes the effects of foreign currency translation. Due to the variability of foreign exchange rates from period to period, NCR’s management uses revenue on a constant currency basis to evaluate period-over-period operating performance. Revenue growth on a constant currency basis is calculated by translating prior period revenue at current period monthly average exchange rates.

NCR’s definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their corresponding GAAP measures in the tables below.

Reconciliation of Diluted Earnings Per Share (GAAP) to Non-GAAP Diluted Earnings Per Share (non-GAAP)

	Q1 2014 Actual	Q1 2013 Actual	2014 Guidance	2013 Actual
Diluted EPS (GAAP)	\$ 0.31	\$ 0.37	\$2.36 - \$2.46	\$ 2.67
Pension (benefit) expense	—	0.02	0.03	(0.34)
Acquisition-related costs	0.06	0.06	0.11	0.21
Acquisition-related amortization of intangibles	0.11	0.06	0.47	0.29
Acquisition-related purchase price adjustments	0.01	0.02	0.02	0.06
OFAC and FCPA Investigations ⁽¹⁾	0.01	0.01	0.01	0.01
Japan valuation reserve release	—	—	—	(0.09)
Non-GAAP Diluted EPS	\$ 0.50	\$ 0.54	\$3.00 - \$3.10	\$ 2.81

Reconciliation of Income from Operations (GAAP) to Non-pension Operating Income (non-GAAP)

(in millions)	Q1 2014 Actual	Q1 2013 Actual	2014 Guidance	2013 Actual	Q2 2014 Guidance	Q2 2013 Actual
Income from Operations (GAAP)	\$ 108	\$ 85	\$730 - \$750	\$ 666	\$163 - \$173	\$ 139
Pension (benefit) expense	(1)	7	8	(78)	3	9
Acquisition-related costs	14	16	33	46	7	14
Acquisition-related amortization of intangibles	30	14	121	65	30	17
Acquisition-related purchase price adjustments	3	6	6	15	1	3
OFAC and FCPA Investigations ⁽¹⁾	1	1	2	3	1	—
Non-pension Operating Income (non-GAAP)	\$ 155	\$ 129	\$900 - \$920	\$ 717	\$205 - \$215	\$ 182

Reconciliation of Net Cash Provided By (Used In) Operating Activities (GAAP) to Free Cash Flow (non-GAAP)

(in millions)	For the Periods Ended March 31		For the Periods Ended December 31	
	Three Months		Twelve Months	
	2014	2013	2014	2013
Net cash provided by (used in) operating activities (GAAP)	\$ 31	\$ 21	\$595 - \$625	\$ 281
Less expenditures for:				
Property, plant and equipment	(32)	(24)	(135) - (140)	(116)
Capitalized software	(34)	(21)	(115) - (120)	(110)
Total capital expenditures	(66)	(45)	(250) - (260)	(226)
Net cash used in operating activities from discontinued operations	(16)	1	(45) - (55)	(52)
Discretionary pension contributions and settlements	—	—	20	204
Free cash flow (non-GAAP)	\$ (51)	\$ (23)	\$300 - \$350	\$ 207

Reconciliation of Revenue Growth (GAAP) to Revenue Growth on a Constant Currency Basis (non-GAAP)

	Revenue Growth % (GAAP)	(Favorable) unfavorable FX impact	Constant Currency Revenue Growth % (non-GAAP)
Total Revenue	8%	2%	10%

(1) Estimated expenses for 2014 will be affected by, among other things, the status and progress of these matters. There can be no assurance that the Company will not be subject to fines or other remedial measures as a result of OFAC's, the SEC's or the DOJ's investigations.



NCR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions, except per share amounts)

Schedule A

	For the Periods Ended March 31	
	Three Months	
	2014	2013
Revenue		
Products	\$ 634	\$ 667
Services	884	743
Total Revenue	1,518	1,410
Cost of products	476	503
Cost of services	626	538
Total gross margin	416	369
% of Revenue	27.4%	26.2%
Selling, general and administrative expenses	245	229
Research and development expenses	63	55
Income from operations	108	85
% of Revenue	7.1%	6.0%
Interest expense	(43)	(21)
Other (expense) income, net	(7)	2
Total other (expense), net	(50)	(19)
Income before income taxes and discontinued operations	58	66
% of Revenue	3.8%	4.7%
Income tax expense	4	2
Income from continuing operations	54	64
Loss from discontinued operations, net of tax	—	(1)
Net Income	54	63
Net income attributable to noncontrolling interests	1	2
Net income attributable to NCR	\$ 53	\$ 61
Amounts attributable to NCR common stockholders:		
Income from continuing operations	\$ 53	\$ 62
Loss from discontinued operations, net of tax	—	(1)
Net income	\$ 53	\$ 61
Net income per share attributable to NCR common stockholders:		
Net income per common share from continuing operations		
Basic	\$ 0.32	\$ 0.38
Diluted	\$ 0.31	\$ 0.37
Net income per common share		
Basic	\$ 0.32	\$ 0.37
Diluted	\$ 0.31	\$ 0.36
Weighted average common shares outstanding		
Basic	167.1	163.7
Diluted	171.0	167.5



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

Schedule B

	For the Periods Ended March 31		
	Three Months		
	2014	2013	% Change
Revenue by segment			
Financial Services	\$ 794	\$ 714	11%
Retail Solutions	490	489	—%
Hospitality	149	131	14%
Emerging Industries	85	76	12%
Total Revenue	\$ 1,518	\$ 1,410	8%
Operating income by segment			
Financial Services	\$ 103	\$ 57	
% of Revenue	13.0%	8.0%	
Retail Solutions	36	41	
% of Revenue	7.3%	8.4%	
Hospitality	12	21	
% of Revenue	8.1%	16.0%	
Emerging Industries	4	10	
% of Revenue	4.7%	13.2%	
Subtotal-segment operating income	\$ 155	\$ 129	
% of Revenue	10.2%	9.1%	
Pension (benefit) expense	(1)	7	
Other adjustments ⁽¹⁾	48	37	
Total income from operations	\$ 108	\$ 85	

(1) Other adjustments for the three months ended March 31, 2014 include \$14 million of acquisition related costs, \$30 million of acquisition-related amortization of intangible assets, \$3 million of acquisition-related purchase price adjustments and \$1 million of legal costs related to previously disclosed OFAC and FCPA investigations; other adjustments for the three months ended March 31, 2013 include \$16 million of acquisition-related costs, \$14 million of acquisition-related amortization of intangible assets, \$6 million of acquisition-related purchase price adjustments and \$1 million of legal costs related to previously disclosed OFAC and FCPA investigations.



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

Schedule C

	March 31, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 515	\$ 528
Restricted cash	—	1,114
Accounts receivable, net	1,442	1,339
Inventories	820	790
Other current assets	608	568
Total current assets	3,385	4,339
Property, plant and equipment, net	390	352
Goodwill	2,789	1,534
Intangibles, net	1,024	494
Prepaid pension cost	495	478
Deferred income taxes	252	441
Other assets	493	470
Total assets	\$ 8,828	\$ 8,108
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$ 64	\$ 34
Accounts payable	695	670
Payroll and benefits liabilities	183	191
Deferred service revenue and customer deposits	587	525
Other current liabilities	479	461
Total current liabilities	2,008	1,881
Long-term debt	3,885	3,320
Pension and indemnity plan liabilities	532	532
Postretirement and postemployment benefits liabilities	170	169
Income tax accruals	182	189
Environmental liabilities	111	121
Other liabilities	92	99
Total liabilities	6,980	6,311
Redeemable noncontrolling interests	14	14
Stockholders' equity		
NCR stockholders' equity:		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 167.8 and 166.6 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	2	2
Paid-in capital	426	433
Retained earnings	1,425	1,372
Accumulated other comprehensive loss	(33)	(38)
Total NCR stockholders' equity	1,820	1,769
Noncontrolling interests in subsidiaries	14	14
Total stockholders' equity	1,834	1,783
Total liabilities and stockholders' equity	\$ 8,828	\$ 8,108



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

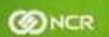
Schedule D

	For the Periods Ended March 31	
	Three Months	
	2014	2013
Operating activities		
Net income	\$ 54	\$ 63
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Loss from discontinued operations	—	1
Depreciation and amortization	69	47
Stock-based compensation expense	10	10
Deferred income taxes	3	(9)
Gain on sale of property, plant and equipment and other assets	(1)	(4)
Changes in assets and liabilities:		
Receivables	(66)	9
Inventories	(30)	(47)
Current payables and accrued expenses	—	(36)
Deferred service revenue and customer deposits	59	73
Employee benefit plans	(21)	(34)
Other assets and liabilities	(46)	(52)
Net cash provided by (used in) operating activities	31	21
Investing activities		
Expenditures for property, plant and equipment	(32)	(24)
Additions to capitalized software	(34)	(21)
Business acquisition, net	(1,642)	(681)
Changes in restricted cash	1,114	—
Other investing activities, net	(4)	5
Net cash used in investing activities	(598)	(721)
Financing activities		
Tax withholding payments on behalf of employees	(22)	(25)
Short term borrowings, net	6	1
Payments on term credit facility	—	(18)
Borrowings on term credit facilities	250	—
Payments on revolving credit facility	(60)	(420)
Borrowings on revolving credit facility	400	565
Debt issuance costs	(2)	(2)
Proceeds from employee stock plans	5	18
Other financing activities	(1)	—
Net cash provided by financing activities	576	119
Cash flows from discontinued operations		
Net cash (used in) provided by discontinued operations	(16)	1
Effect of exchange rate changes on cash and cash equivalents	(6)	(6)
Increase (decrease) in cash and cash equivalents	(13)	(586)
Cash and cash equivalents at beginning of period	528	1,069
Cash and cash equivalents at end of period	\$ 515	\$ 483

Q1 2014 EARNINGS CONFERENCE CALL

BILL NUTI, CHAIRMAN AND CEO
JOHN BRUNO, EVP
BOB FISHMAN, CFO

April 29, 2014



NOTES TO INVESTORS

FORWARD-LOOKING STATEMENTS. Comments made during this conference call and in these materials contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that describe or relate to NCR's future plans, goals, intentions, strategies or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in these materials include statements about the anticipated growth of NCR's software-related revenue (and the components thereof) and operational gross margins, the expected financial and other benefits from the acquisition of Digital Insight, the future growth and transformation of NCR and its lines of business, NCR's 2014 financial outlook and NCR's goals for 2014. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR's control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K and those factors detailed from time to time in NCR's other SEC reports. These materials are dated April 29, 2014, and NCR 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.

NON-GAAP MEASURES. While NCR reports its results in accordance with generally accepted accounting principles in the United States (GAAP), comments made during this conference call and these materials will include the following "non-GAAP" measures: non-pension operating income (NPOI), non-GAAP diluted earnings per share (non-GAAP diluted EPS), free cash flow (FCF), adjusted free cash flow (adjusted FCF), operational gross margin, operational gross margin rate, expenses (non-GAAP), adjusted EBITDA, effective tax rate, non-GAAP net income and constant currency. These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures. Explanations of these non-GAAP measures and reconciliations of these non-GAAP measures to their directly comparable GAAP measures are included in the accompanying "Supplementary Non-GAAP Materials" and are available on the Investor Relations page of NCR's website at www.ncr.com. Descriptions of many of these non-GAAP measures are also included in NCR's SEC reports.

USE OF CERTAIN TERMS. As used in these materials, the term "software-related revenue" includes software license, software maintenance, software as a service (SaaS) and professional services revenue associated with software delivery, and the term "recurring revenue" means the sum of SaaS, hardware maintenance and software maintenance revenue. Investors are cautioned that in NCR's prior earnings releases and presentation materials, NCR used the term "software revenue," which does not include professional services revenue associated with software delivery. Therefore software revenue in such releases and presentation materials will not be directly comparable to software-related revenue in these materials.

These presentation materials and the associated remarks made during this conference call are integrally related and are intended to be presented and understood together.



Q1 2014 FINANCIAL HIGHLIGHTS

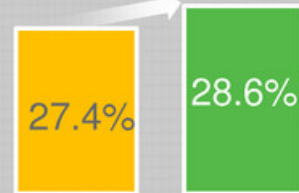
REVENUE



Q1 2013 Q1 2014

Up 8% y/y; up 10% on constant currency basis
Recurring revenue up 22%; 44% of total revenue

OPERATIONAL GROSS MARGIN



Q1 2013 Q1 2014

Up 120 bps y/y

NPOI



Q1 2013 Q1 2014

Up 20% y/y
All-time high⁽¹⁾ Q1 NPOI margin⁽²⁾ of 10.2%

FREE CASH FLOW



Q1 2013 Q1 2014

Cash from ops up \$10M offset by higher investment in capex of \$21M and disc ops of \$17M

- 17th consecutive quarter of y/y revenue and NPOI growth
- 18th consecutive quarter of meeting or beating EPS consensus estimate
- Record⁽¹⁾ Q1 NPOI results

(1) Post AT&T Spin-off, excluding Teradata.
(2) NPOI as a percentage of revenue.



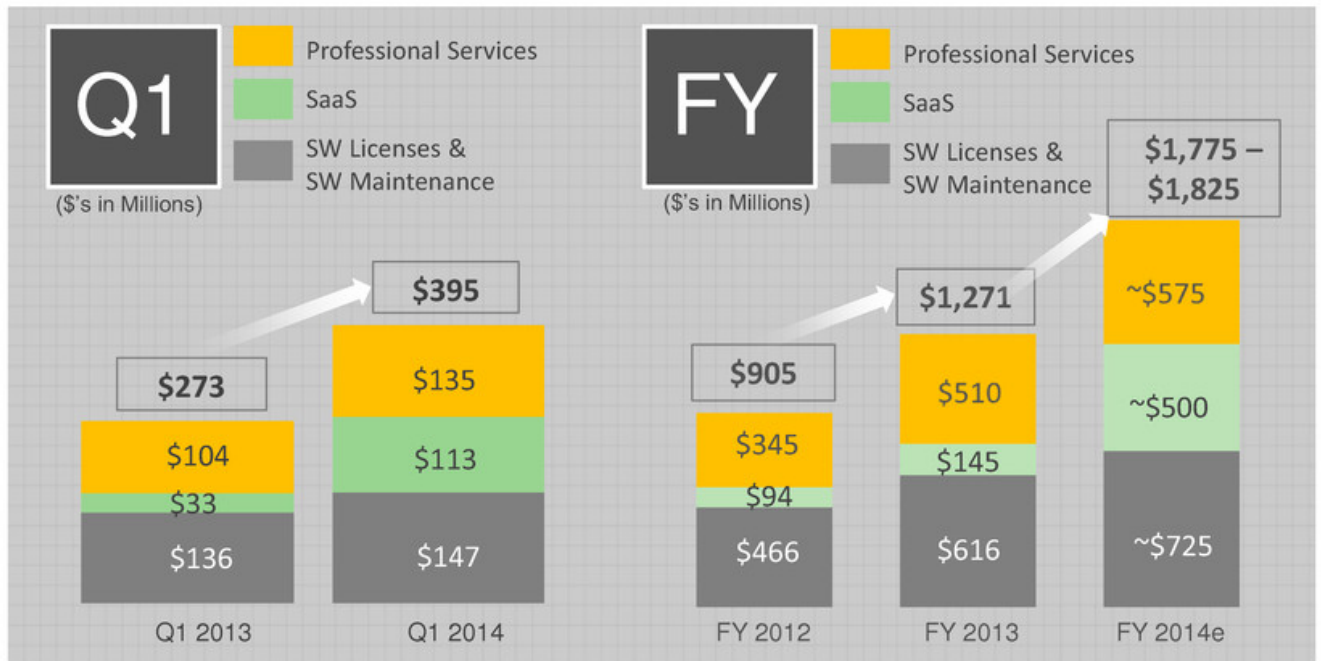
INVESTING IN OUR REINVENTION

- **Investing to deliver differentiated value and sustainable long-term growth**
 - Commitment to disruptive innovation/R&D and delivering compelling value
 - R&D as a % of revenue reaches an all-time high of 4.2%, up 15% y/y
 - Strengthening Services Delivery and Sales organizations
 - Improved productivity and efficiency gains to come
- **Committed to balancing investment , long-term goals & near-term performance**
 - **Financial Services:** Digital Insight acquisition integration
 - **Services:** Make Customer Services a competitive advantage
 - **Hospitality:** International expansion, Sales, Software/SaaS offers
 - **Emerging Industries:** Managed Services (T&T) infrastructure/onboarding

Business model transformation to a hardware-enabled, software-driven business



STRONG SOFTWARE-RELATED REVENUE GROWTH

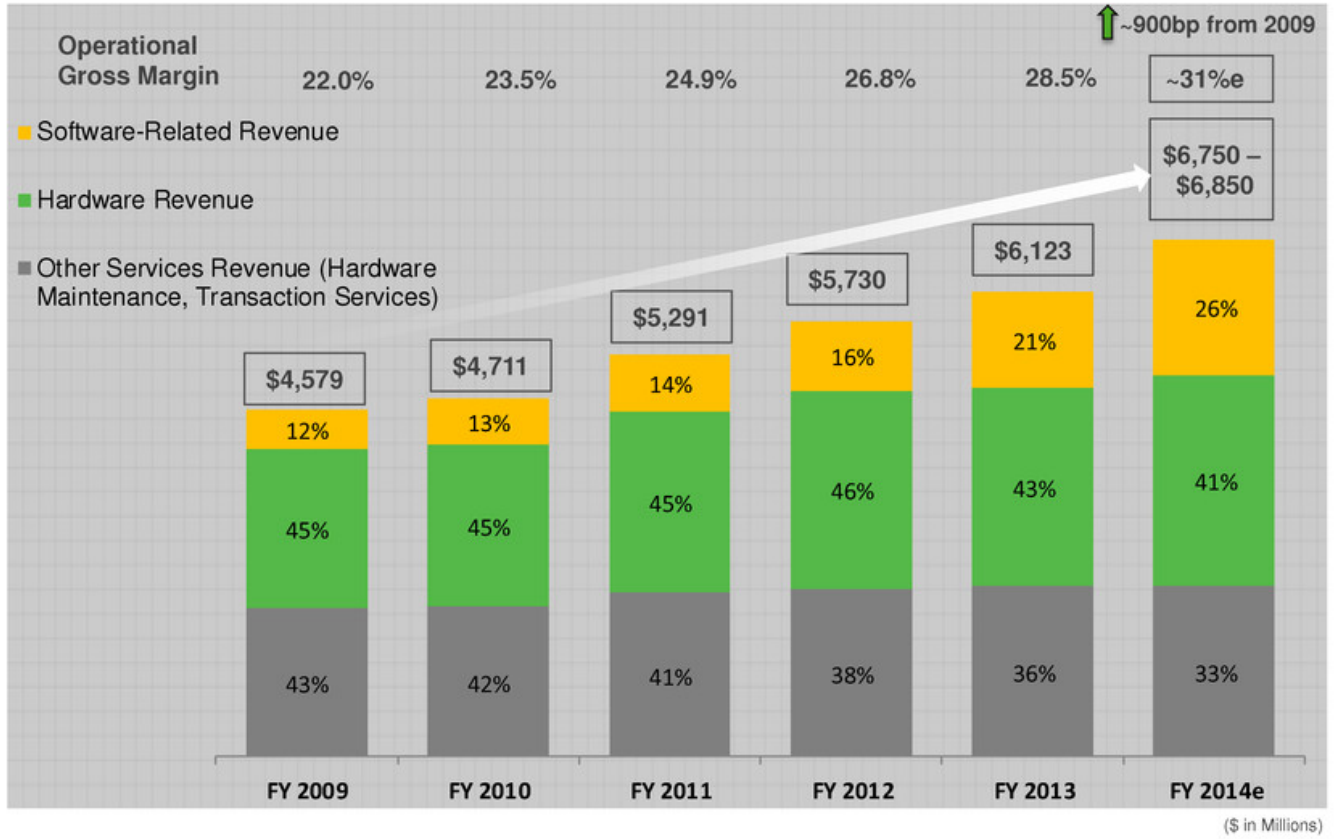


- Q1 Software-related revenue up 45%
- Q1 Professional Services revenue up 30%
- Q1 SaaS revenue up 242%

- On target to generate ~\$1.8B in software-related revenue in FY2014
- 2014 estimated software-related revenue growth of 40-44%



SOFTWARE-RELATED REVENUE POSITIVELY IMPACTING MARGINS



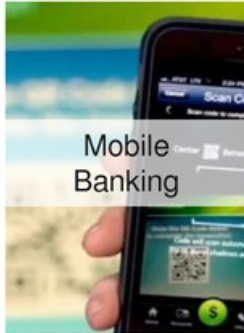
TRANSFORMING THE CONSUMER EXPERIENCE

Financial Services

Transforming brick & mortar experiences



Shaping digital experiences



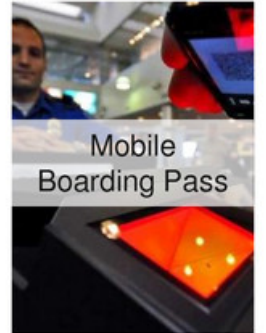
Retail



Hospitality



Travel



485 million transactions a day, around the world



EXPANSIVE SOFTWARE SOLUTIONS PORTFOLIO

Delivering Strategic Value to NCR Customers

Financial Services

- Mobile & Online Banking
- Branch Transformation
- Cash Management
- Multi-Channel Marketing
- Payment Switching & Fraud Detection
- Image & Payment Processing
- High Availability Software

#1 ATM multi-vendor SW⁽¹⁾

(1) RBR's Multivendor Software 2013 report

Retail Solutions

- Loyalty
- Connected Payments
- Customer Relationship Management (CRM)
- Digital Wallet
- Sales Channels & Touch Points
- Electronic & Mobile Payment
- Merchandising
- Inventory
- Supply Chain Management

#1 Vendor under consideration for future software purchases⁽²⁾

(2) IHL/RIS Study, January 2014

Hospitality

Consumer Engagement

- Loyalty & Gift Card
- Mobile/Online Ordering & Payment
- Mobile Ticketing

Operations & Management Efficiency

- Mobile Analytics
- Kitchen Production
- Labor & Inventory Management

#1 US Restaurant POS SW⁽³⁾

(3) Chain Store Guide, March 2014

Emerging Industries

Travel

- Mobile Boarding Passes
- Security Check-in
- Digital Signage
- Cash Management
- Way Finding
- Digital Marketing
- Passenger Re-accommodation
- Merchandising & Retailing

T&T

- Bill Pay
- Virtual Storefront
- Digital Signage
- Loyalty
- Queue Mgmt

Global Leading Provider of Mobile Boarding Passes⁽⁴⁾

(4) Source: NCR Internal



The majority of SW solutions can be sold independent of HW

FINANCIAL SERVICES

Q1 2014 Update



Financial Highlights

Revenue

\$794M ↑ +11% y/y

Operating Income

\$103M ↑ +81% y/y

Operating Margin

13.0% ↑ +500 bps

Performance Highlights

- Strong orders driven by North America, small & mid-sized banks, Branch Transformation & SW
- Strong backlog, both in volume and mix
- Increased operating margin driven by favorable revenue mix & higher mix of SW-related revenue
- Excluding Digital Insight, Q1 core revenue up 1% y/y and operating margin up 310 bps
- SW-related revenue up 92%; up 17% excluding Digital Insight

Key Developments

- Balanced performance globally; Keeping an eye on Russia
- North America small to mid-sized banks segment strong in the quarter
- Continued momentum in Branch Transformation
 - Branch Transformation revenues up 300% y/y
 - 17 new APTRA™ Interactive Services customers; customer wins globally
- Strong start for Digital Insight
 - Executing integration plan
 - Strong existing customer base win rates and mobile active user growth
 - Early cross-sell wins



UPDATE: DIGITAL INSIGHT ACQUISITION



Creates one of the most powerful FinTech companies with the most comprehensive suite of retail banking solutions

KEY ACQUISITION OBJECTIVE

- Uniquely **positions NCR software** within the FinTech industry with an end-to-end technology platform for seamless banking services across both physical and digital channels
- Demonstrates commitment to be the **global leader in omni-channel retail banking transformation** enabling effortless transactions across multiple touch points
- Positions NCR for long-term growth, greater recurring revenue, accelerated margin expansion and earnings appreciation
- Expect to be slightly accretive to non-GAAP diluted EPS for FY2014 and ~\$0.15 accretive for FY2015

PROGRESS UPDATE

- Closed transaction on Jan. 10; integration started immediately
- Q1 revenue of \$76M and operating income of \$23M, in-line with expectations
- Positive feedback from existing Digital Insight customers on the power of NCR's omni-channel banking solutions
- Investments made to transition to NCR-run data centers
- Win rates in existing customer base up ~49% with leading indicators pointing to continued improvement over prior year
- 83% y/y increase in mobile active user rates
 - 5.5M total mobile users vs. 3.0M last year



RETAIL SOLUTIONS

Q1 2014 Update



Financial Highlights

Revenue

\$490M Flat y/y

Operating Income

\$36M ↓ -12% y/y

Operating Margin

7.3% ↓ -110 bps

Performance Highlights

- Orders down mid-single digit y/y driven by North America; Strong orders in rest of world
- Backlog up significantly; Rollout of large orders pushing revenue to end of year & 2015
- Q1 revenue growth as expected due to difficult comparison versus prior year
- Operating income decline due to unfavorable mix of revenue & continued investment in business
- SW up significantly; SW-related revenue up 27%; SaaS revenue up 30%

Key Developments

- Strong revenue and order growth in the Europe, Middle East and Africa region
- Retailix continues to perform well; experiencing strong demand for R10
- NCR at the top in new leadership rankings:
 - #1 point-of-sale (POS) software vendor*
 - Leader in traditional North America ePOS & self-checkout (SCO) terminal providers **
 - Leader in NAMER POS share gains**
- Strong order growth in SCO
- Market developments
 - Capital spending priorities changing due to change in focus to data privacy and security
 - Consolidation within U.S grocery segment
- Introduced new innovative SaaS solutions: NCR Cloud Connect & NCR Command Center

* Source: 11th Annual IHL/RIS News Store System Study - Stores Reinvented 2014
** 2014 IHL NAMER POS Terminal Report.



HOSPITALITY

Q1 2014 Update



Financial Highlights

Revenue

\$149M ↑ +14% y/y

Operating Income

\$12M ↓ -43% y/y

Operating Margin

8.1% ↓ -790 bps

Performance Highlights

- Revenue growth across all theaters
- Operating income decline due to unfavorable revenue mix & investment in international expansion
- SW-related revenue up 2%
- SaaS revenue up 11%
- SaaS application sites up 20% y/y

Key Developments

- Geographic expansion gaining further traction
 - Strong revenue growth in Europe and the Asia, Middle East, and Africa regions
 - New international customers, primarily in Brazil and Germany
- Continued focus on North America SMB market
 - 22% revenue growth y/y
- Continued investment in software development and capabilities
 - Fast adoption of software, SaaS and mobile solutions
 - Recognized by Technology Association of GA as one of the Top 10 most innovative companies for our mobile payment solution



EMERGING INDUSTRIES

Q1 2014 Update



Financial Highlights

Revenue

\$85M ↑ +12% y/y

Operating Income

\$4M ↓ -60% y/y

Operating Margin

4.7% ↓ -850 bps

Performance Highlights

- Telecom & Technology revenue up 18%
- Travel revenue down 9%
- Software-related revenue down 11%
- Operating income negatively impacted by on-boarding costs associated with managed services contracts

Key Developments

Telecom & Technology

- Expanded service offerings by providing on-site maintenance and support for Unify customers

Travel

- Continued focus on airport and airline innovation in emerging countries
 - Shenzhen Baoan International Airport (China), Muscat International and Salalah airports (Oman), China Eastern airlines, China Southern airlines
- Entered pilot programs for Travel Retail Solutions - omni-channel retailing within airports
- Delivered a record 15M mobile airline boarding passes, up 90% y/y

Small Business

- Increased adoption of NCR Silver customer base (over 7,000) and devices (over 15,000)



Q1 2014 SUMMARY

- 8% revenue growth led by Financial Services, Hospitality and Emerging Industries; Retail Solutions' revenue growth as expected due to difficult comparison versus prior year
- Branch transformation, mobile, SCO and omni-channel driving demand
- Recurring revenue growth % improved, including contribution from Digital Insight
- Strong growth in Software/SaaS drove improved overall margin expansion
- Digital Insight acquisition closed; Q1 results solid and integration on track
- Ongoing investments in R&D, Services and Line of Business capabilities
- Cash Flow from Operations up Y/Y; Free Cash Flow as expected; on track
- Full-year revenue guidance lowered; maintain full-year NPOI and EPS guidance

Delivering sustainable profitable growth in rapidly expanding markets



FINANCIAL PERFORMANCE & GUIDANCE

April 29, 2014



Q1 OPERATIONAL RESULTS

	For the Three-Month Period Ending March 31		
	2014	2013	% Change
Revenue	\$1,518	\$1,410	8% ⁽¹⁾ / 10% ⁽²⁾
Operational Gross Margin	434	387	12%
Operational Gross Margin Rate	28.6%	27.4%	
Expenses (non-GAAP)	279	258	8%
% of Revenue	18.4%	18.3%	
NPOI	155	129 ⁽³⁾	20%
% of Revenue	10.2%	9.1%	
Non-GAAP Diluted EPS ⁽⁴⁾	\$0.50	\$0.54	(7)%

(1) As reported.

(2) On a constant currency basis.

(3) Includes \$13M curtailment benefit related to Q1 2013 amendment to U.S. separation plan.

(4) Decrease primarily related to higher interest expense in Q1 2014 compared to Q1 2013.

\$ millions, except per share amounts



Q1 GAAP RESULTS

For the Three-Month Period Ending March 31

	2014	2013	% Change
Revenue	\$1,518	\$1,410	8%
Gross Margin	416	369	13%
Gross Margin Rate	27.4%	26.2%	
Expenses	308	284	8%
% of Revenue	20.3%	20.1%	
Income from Operations	108	85 ⁽¹⁾	27%
% of Revenue	7.1%	6.0%	
GAAP Diluted EPS⁽²⁾	\$0.31	\$0.37	(16%)

- (1) Includes \$13M curtailment benefit related to Q1 2013 amendment to U.S. separation plan.
 (2) Decrease primarily related to higher interest expense in Q1 2014 compared to Q1 2013.

\$ millions, except per share amounts



Q1 REVENUE BY SEGMENT

	For the Three-Month Period Ending March 31			
	2014	2013	% Change	% Change (Constant Currency)
Financial Services	\$ 794	\$ 714	11%	14%
Excluding Digital Insight*	718		1%	4%
Retail Solutions	490	489	-	1%
Hospitality	149	131	14%	15%
Emerging Industries	85	76	12%	12%
Total Revenue	\$ 1,518	\$ 1,410	8%	10%
Excluding Digital Insight*	1,442		2%	4%

* Digital Insight acquisition closed on Jan. 10, 2014.

\$ millions



Q1 OPERATING INCOME BY SEGMENT

	For the Three-Month Period Ended March 31	
	2014	2013
Financial Services	\$ 103	\$ 57
% of Financial Services Revenue	13.0%	8.0%
Retail Solutions	36	41
% of Retail Solutions Revenue	7.3%	8.4%
Hospitality	12	21
% of Hospitality Revenue	8.1%	16.0%
Emerging Industries	4	10
% of Emerging Industries Revenue	4.7%	13.2%
NPOI	\$ 155	\$ 129
% of Total Revenue	10.2%	9.1%

\$ millions



Q1 SUPPLEMENTAL REVENUE INFORMATION

	For the Three-Month Period Ending March 31		
	2014	2013	% Change
SaaS	\$113	\$33	242%
Software License/Software Maintenance	147	136	8%
Professional Services	135	104	30%
Total Software-Related Revenue	395	273	45%
Hardware	570	600	(5)%
Other Services	553	537	3%
Total Revenue	\$1,518	\$1,410	8%

\$ millions



FREE CASH FLOW

	Q1 2014	Q1 2013	FY 2014e	FY 2013
Cash Provided by Operating Activities	\$31	\$21	\$595 - \$625	\$281
Net capital expenditures	(66)	(45)	(250) – (260)	(226)
Cash Provided by (Used In) Discontinued Operations	(16)	1	(45) – (55)	(52)
Pension discretionary contributions and settlements	-	-	20	204
Free Cash Flow (Used)	\$(51)	\$(23)	\$300 - \$350	\$207

\$ in millions



FREE CASH FLOW GENERATION

		2014e	2013
Free Cash Flow (FCF)		~\$300 - \$350	\$207
plus:	Pension	70	79
plus:	Discontinued Ops	45-55	52
plus:	Acquisition-related costs	25-35	43
Adjusted FCF		~\$440 - \$510	\$381
Adjusted FCF as a % of non-GAAP net income		~90%	80%

\$ millions, except metrics



NET DEBT & EBITDA METRICS

	2013	Q1 2014	2014e
Debt	\$3.4	\$3.9	
Cash	0.5	0.5	
Net Debt	\$2.9	\$3.4	\$3.3
Adjusted EBITDA	\$0.9	\$0.9 ⁽¹⁾	\$1.1
Net Debt / Adjusted EBITDA	3.2	3.7	~3.0

(1) Adjusted EBITDA for the trailing twelve-month period.

\$ in billions, except metrics



FY 2014 GUIDANCE

	2014e	2013
Revenue	\$6,750 - \$6,850 ⁽¹⁾	\$6,123
Year-over-Year Revenue Growth	10% - 12% growth ⁽¹⁾	7%
Income from Operations (GAAP) ⁽²⁾	\$730 - \$750	\$666
Non-Pension Operating Income (NPOI)	\$900 - \$920	\$717
Adjusted EBITDA	\$1,085 - \$1,105	\$886
Diluted EPS (GAAP) ⁽²⁾	\$2.36 - \$2.46	\$2.67
Non-GAAP Diluted EPS ⁽³⁾	\$3.00 - \$3.10	\$2.81
Free Cash Flow	\$300 - \$350	\$207

(1) Includes 1% of unfavorable foreign currency fluctuations; previous revenue guidance was 12% - 14% growth.

(2) Income from operations and diluted earnings per share guidance excludes the impact of the actuarial mark to market pension adjustment that will be determined in the fourth quarter of 2014.

(3) 2014 guidance includes expected other expense (income), net (OIE) of \$200M, which incorporates \$185M of interest expense, a 26% tax rate and a share count of 172M. 2013 results include OIE of \$112M, which incorporates \$103M of interest expense, a 22% tax rate and a share count of 169M.

\$ in millions, except per share amounts



2014 SEGMENT REVENUE GUIDANCE

Line of Business	Current 2014 Guidance	Previous 2014 Guidance	FY 2013
Financial Services	15-17%	15-17%	\$3,115
Financial Services excluding Digital Insight	4-5%	4-5%	
Retail	3-5%	8-10%	\$2,034
Hospitality	8-10%	12-15%	\$626
Emerging Industries	10-14%	10-14%	\$348
Total	10-12%	12-14%	\$6,123

\$ in millions



Q2 2014 GUIDANCE

	Q2 2014e	Q2 2013
Income from Operations (GAAP)	\$163 - \$173	\$139
Non-Pension Operating Income (Non-GAAP)	\$205 - \$215	\$182
Tax rate	29%	25%
Other expense	~ \$50	\$29

\$ millions



SUPPLEMENTARY
NON-GAAP MATERIALS

NON-GAAP MEASURES

While NCR reports its results in accordance with generally accepted accounting principles (GAAP) in the United States, comments made during this conference call and in these materials will include non-GAAP measures. These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures.

NPOI, Non-GAAP Diluted EPS, Operational Gross Margin, Operational Gross Margin Rate, Expenses (non-GAAP), Effective Tax Rate and Non-GAAP Net Income. NCR's non-pension operating income (NPOI), non-GAAP net income and non-GAAP diluted earnings per share (non-GAAP diluted EPS) are determined by excluding pension expense and special items, including amortization of acquisition related intangibles, from NCR's GAAP income (loss) from operations. NCR also determines operational gross margin, operational gross margin rate, expenses (non-GAAP) and effective tax rate (non-GAAP) by excluding pension expense and these special items from its GAAP gross margin, gross margin rate, expenses and effective tax rate. 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 these non-GAAP measures to evaluate year-over-year operating performance. NCR also uses NPOI and non-GAAP diluted EPS to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR believes these measures are useful for investors because they provide a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with NCR's past reports of financial results.

Free Cash Flow and Adjusted Free Cash Flow. 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, additions to capitalized software, discretionary pension contributions and settlements. NCR defines adjusted free cash flow as free cash flow plus required pension contributions, cash provided by/used in discontinued operations, and cash flow impact of special items. NCR's management uses free cash flow and adjusted free cash flow to assess the financial performance of the Company and believes they are useful for investors because they relate the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow and adjusted free cash flow indicate 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 and adjusted free cash flow do not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measures. Free cash flow (FCF) and adjusted free cash flow (adjusted FCF) do not have uniform definitions under GAAP and, therefore, NCR's definitions may differ from other companies' definitions of these measures.



NON-GAAP MEASURES

Adjusted EBITDA. NCR believes that Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) provides useful information to investors because it is an indicator of the strength and performance of the Company's ongoing business operations, including its ability to fund discretionary spending such as capital expenditures, strategic acquisitions and other investments. NCR determines Adjusted EBITDA for a given period based on its GAAP income (loss) from continuing operations plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus other income (expense); plus pension expense (benefit); and plus special items included in the definition of NPOI. NCR believes that its ratio of net debt to Adjusted EBITDA provides useful information to investors because it is an indicator of the company's ability to meet its future financial obligations.

Revenue Growth on a Constant Currency Basis. NCR's period-over-period revenue growth on a constant currency basis excludes the effects of foreign currency translation. Due to the variability of foreign exchange rates from period to period, NCR's management uses revenue growth on a constant currency basis to evaluate period-over-period operating performance. Revenue growth on a constant currency basis is calculated by translating prior period revenue at current period monthly average exchange rates.

NCR management's definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their corresponding GAAP measures in the following slides. These reconciliations and other information regarding these non-GAAP measures are also available on the Investor Relations page of NCR's website at www.ncr.com.



GAAP TO NON-GAAP RECONCILIATION

Income from Operations (GAAP) to Non-Pension Operating Income (non-GAAP) and Adjusted EBITDA (non-GAAP)				
	<u>Q1 2014</u> <u>LTM</u>	<u>FY 2013</u>	<u>FY 2014e</u>	<u>Q2 2014e</u>
Income from Operations (GAAP)	\$689	\$666	\$730 - \$750	\$163 - \$173
Pension Expense (Benefit)	(86)	(78)	8	3
Acquisition-Related Amortization of Intangibles	81	65	121	30
Acquisition-Related Costs	44	46	33	7
Acquisition-Related Purchase Price Adjustment	12	15	6	1
OFAC and FCPA Investigations ⁽¹⁾	3	3	2	1
Non-Pension Operating Income (non-GAAP)	\$743	\$717	\$900 - \$920	\$205 - \$215
Depreciation and Amortization	149	143	155	
Ongoing Pension Expense	(12)	(15)	(10)	
Stock Compensation Expense	41	41	40	
Adjusted EBITDA (non-GAAP)	\$921	\$886	\$1,085 - \$1,105	

(1) Estimated expenses for 2014 will be affected by, among other things, the status and progress of these matters. There can be no assurance that the Company will not be subject to fines or other remedial measures as a result of OFAC's, the SEC's or the DOJ's investigations.

\$ in millions



GAAP TO NON-GAAP RECONCILIATION

Q1 2014 QTD

	Q1 2014 GAAP	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q1 2014 non-GAAP
in millions (except per share amounts)							
Product revenue	\$634	-	-	-	-	-	\$634
Service revenue	884	-	-	-	-	-	884
Total revenue	1,518	-	-	-	-	-	1,518
Cost of products	476	(10)	-	(2)	-	-	464
Cost of services	626	(6)	-	(1)	-	1	620
Gross margin	416	16	-	3	-	(1)	434
Gross margin rate	27.4%	1.1%	0.0%	0.2%	0.0%	-0.1%	28.6%
Selling, general and administrative expenses	245	(14)	(14)	-	(1)	-	216
Research and development expenses	63	-	-	-	-	-	63
Total expenses	308	(14)	(14)	-	(1)	-	279
<i>Total expense as a % of revenue</i>	<i>20.3%</i>	<i>-0.9%</i>	<i>-0.9%</i>	<i>0.0%</i>	<i>-0.1%</i>	<i>0.0%</i>	<i>18.4%</i>
Income (loss) from operations	108	30	14	3	1	(1)	155
<i>Income (loss) from operations as a % of revenue</i>	<i>7.1%</i>	<i>2.0%</i>	<i>0.9%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>-0.1%</i>	<i>10.2%</i>
Interest and Other (expense) income, net	(50)	-	-	-	-	-	(50)
Income (loss) from continuing operations before income taxes	58	30	14	3	1	(1)	105
Income tax expense (benefit)	4	10	4	1	-	(1)	18
<i>Effective tax rate</i>	<i>7%</i>	<i>33%</i>	<i>29%</i>	<i>33%</i>	<i>0%</i>	<i>100%</i>	<i>17%</i>
Income (loss) from continuing operations	54	20	10	2	1	-	87
Net income (loss) attributable to noncontrolling interests	1	-	-	-	-	-	1
Income (loss) from continuing operations (attributable to NCR)	\$53	\$20	\$10	\$2	\$1	\$-	\$86
Diluted earnings per share	\$0.31	\$0.11	\$0.06	\$0.01	\$0.01	\$-	\$0.50



GAAP TO NON-GAAP RECONCILIATION

Q1 2013 QTD

	Q1 2013 GAAP	Acquisition-related amortization of intangibles	Acquisition-related costs	Acquisition-related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q1 2013 non-GAAP
in millions (except per share amounts)							
Product revenue	\$667	-	-	-	-	-	\$667
Service revenue	743	-	-	-	-	-	743
Total revenue	1,410	-	-	-	-	-	1,410
Cost of products	503	(8)	-	-	-	-	495
Cost of services	538	-	-	(6)	-	(4)	528
Gross margin	369	8	-	6	-	4	387
Gross margin rate	26.2%	0.6%	0.0%	0.4%	0.0%	0.2%	27.4%
Selling, general and administrative expenses	229	(6)	(16)	-	(1)	(2)	204
Research and development expenses	55	-	-	-	-	(1)	54
Total expenses	284	(6)	(16)	-	(1)	(3)	258
<i>Total expense as a % of revenue</i>	<i>20.1%</i>	<i>-0.4%</i>	<i>-1.1%</i>	<i>0.0%</i>	<i>-0.1%</i>	<i>-0.2%</i>	<i>18.3%</i>
Income (loss) from operations	85	14	16	6	1	7	129
<i>Income (loss) from operations as a % of revenue</i>	<i>6.0%</i>	<i>1.0%</i>	<i>1.1%</i>	<i>0.4%</i>	<i>0.1%</i>	<i>0.5%</i>	<i>9.1%</i>
Interest and Other (expense) income, net	(19)	-	-	-	-	-	(19)
Income (loss) from continuing operations before income taxes	66	14	16	6	1	7	110
Income tax expense (benefit)	2	5	6	2	-	3	18
<i>Effective tax rate</i>	<i>3%</i>	<i>36%</i>	<i>38%</i>	<i>33%</i>	<i>0%</i>	<i>43%</i>	<i>16%</i>
Income (loss) from continuing operations	64	9	10	4	1	4	92
Net income (loss) attributable to noncontrolling interests	2	-	-	-	-	-	2
Income (loss) from continuing operations (attributable to NCR)	\$62	\$9	\$10	\$4	\$1	\$4	\$90
Diluted earnings per share	\$0.37	\$0.06	\$0.06	\$0.02	\$0.01	\$0.02	\$0.54



GAAP TO NON-GAAP RECONCILIATION

Q2 2013 QTD

	Q2 2013 GAAP	Acquisition-related amortization of intangibles	Acquisition-related costs	Acquisition-related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q2 2013 non-GAAP
in millions (except per share amounts)							
Product revenue	\$743	-	-	-	-	-	\$743
Service revenue	792	-	-	-	-	-	792
Total revenue	1,535	-	-	-	-	-	1,535
Cost of products	550	(9)	-	-	-	-	541
Cost of services	559	-	-	(3)	-	(5)	551
Gross margin	426	9	-	3	-	5	443
Gross margin rate	27.8%	0.6%	0.0%	0.2%	0.0%	0.3%	28.9%
Selling, general and administrative expenses	232	(8)	(14)	-	-	(3)	207
Research and development expenses	55	-	-	-	-	(1)	54
Total expenses	287	(8)	(14)	-	-	(4)	261
Total expense as a % of revenue	18.7%	-0.5%	-0.9%	0.0%	0.0%	-0.3%	17.0%
Income (loss) from operations	139	17	14	3	-	9	182
Income (loss) from operations as a % of revenue	9.1%	1.1%	0.9%	0.2%	0.0%	0.6%	11.9%
Interest and Other (expense) income, net	(29)	-	-	-	-	-	(29)
Income (loss) from continuing operations before income taxes	110	17	14	3	-	9	153
Income tax expense (benefit)	23	6	4	1	-	4	38
Effective tax rate	21%	35%	29%	33%	0%	44%	25%
Income (loss) from continuing operations	87	11	10	2	-	5	115
Net income (loss) attributable to noncontrolling interests	1	-	-	-	-	-	1
Income (loss) from continuing operations (attributable to NCR)	\$86	\$11	\$10	\$2	\$-	\$5	\$114
Diluted earnings per share	\$0.51	\$0.07	\$0.06	\$0.01	\$-	\$0.03	\$0.68

GAAP TO NON-GAAP RECONCILIATION

Q4 2013 YTD

in millions (except per share amounts)	FY 2013 GAAP	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Japan valuation reserve release	Pension (expense) benefit	FY 2013 non-GAAP
Product revenue	\$2,912	-	-	-	-	-	-	\$2,912
Service revenue	3,211	-	-	-	-	-	-	3,211
Total revenue	6,123	-	-	-	-	-	-	6,123
Cost of products	2,152	(36)	-	(1)	-	-	2	2,117
Cost of services	2,231	-	-	(14)	-	-	44	2,261
Gross margin	1,740	36	-	15	-	-	(46)	1,745
Gross margin rate	28.4%	0.6%	0.0%	0.2%	0.0%	0.0%	-0.7%	28.5%
Selling, general and administrative expenses	871	(29)	(46)	-	(3)	-	22	815
Research and development expenses	203	-	-	-	-	-	10	213
Total expenses	1,074	(29)	(46)	-	(3)	-	32	1,028
Total expense as a % of revenue	17.5%	-0.5%	-0.7%	0.0%	0.0%	0.0%	0.5%	16.8%
Income (loss) from operations	666	65	46	15	3	-	(78)	717
Income (loss) from operations as a % of revenue	10.9%	1.1%	0.8%	0.2%	0.0%	0.0%	-1.3%	11.7%
Interest and Other (expense) income, net	(112)	-	6	-	-	-	-	(106)
Income (loss) from continuing operations before income taxes	554	65	52	15	3	-	(78)	611
Income tax expense (benefit)	98	17	16	5	1	15	(20)	132
Effective tax rate	18%	26%	31%	33%	33%	N/A	26%	22%
Income (loss) from continuing operations	456	48	36	10	2	(15)	(58)	479
Net income (loss) attributable to noncontrolling interests	4	-	-	-	-	-	-	4
Income (loss) from continuing operations (attributable to NCR)	\$452	\$48	\$36	\$10	\$2	\$(15)	\$(58)	\$475
Diluted earnings per share	\$2.67	\$0.29	\$0.21	\$0.06	\$0.01	\$(0.09)	\$(0.34)	\$2.81



GAAP TO NON-GAAP RECONCILIATION

Diluted Earnings per Share (GAAP) to Non-GAAP Diluted Earnings per Share (non-GAAP)

FY 2014e

Diluted EPS (GAAP)	\$2.36 - \$2.46
Pension Expense (Benefit)	0.03
Acquisition-Related Amortization of Intangibles	0.47
Acquisition-Related Costs	0.11
Acquisition-Related Purchase Price Adjustment	0.02
OFAC and FCPA Investigations ⁽¹⁾	0.01
Non-GAAP Diluted EPS	\$3.00 – \$3.10

(1) Estimated expenses for 2014 will be affected by, among other things, the status and progress of these matters. There can be no assurance that the Company will not be subject to fines or other remedial measures as a result of OFAC's, the SEC's or the DOJ's investigations.



GAAP TO NON-GAAP RECONCILIATIONS

Gross Margin as a % of Revenue (GAAP) to Operational Gross Margin Rate (non-GAAP)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Gross Margin as a % of Revenue (GAAP)	22.0%	22.9%	18.0%	28.7%	28.4%
Pension expense (benefit)	(0.5)%	0.6%	6.8%	(2.2)%	(0.7)%
Impairment of assets related to an equity investment	0.5%	-	-	-	-
Acquisition-related purchase price adjustments	-	-	-	-	0.2%
Acquisition-related amortization of intangibles	-	-	0.1%	0.3%	0.6%
Operational Gross Margin Rate (non-GAAP)	22.0%	23.5%	24.9%	26.8%	28.5%



GAAP TO NON-GAAP RECONCILIATIONS

Revenue Growth % (GAAP) to Revenue Growth % on a Constant Currency Basis (non-GAAP)

Q1 2014

Revenue Growth % (GAAP)	8%
Unfavorable foreign currency fluctuation impact	2%
Revenue Growth % on a Constant Currency Basis (non-GAAP)	10%





