

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 23, 2014**

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**NCR CORPORATION**

(Exact name of registrant as specified in its charter)

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**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 October 23, 2014, the Company issued a press release setting forth its third quarter 2014 financial results along with its updated fiscal year 2014 financial outlook and its fourth 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 October 23, 2014, the Company will hold its previously announced conference call to discuss its third quarter 2014 results, its updated fiscal year 2014 financial outlook and its fourth 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 October 23, 2014
99.2	Supplemental materials, dated October 23, 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: October 23, 2014

**Index to Exhibits**

The following exhibits are 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 October 23, 2014
99.2	Supplemental materials, dated October 23, 2014



October 23, 2014

### NCR Announces Third Quarter 2014 Results

- As previously announced, Q3 results below expectations; Results negatively impacted by challenging retail market, difficult global macroeconomic conditions and foreign currency headwinds
- Revenue increased 9% to \$1.65 billion; 34% growth in software-related revenue to \$430 million, including 238% growth in SaaS revenue to \$125 million
- Non-pension operating income (NPOI) increased 10% to \$204 million; GAAP income from operations decreased 72% to \$41 million
- Non-GAAP diluted EPS of \$0.67 versus \$0.76 in prior year; GAAP diluted EPS lower than prior year by \$0.58, primarily due to restructuring
- Free cash flow of \$132 million; GAAP net cash provided by operating activities of \$124 million
- Guidance lowered for full-year 2014 as previously announced on October 20

DULUTH, Georgia - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended September 30, 2014.

“Our third quarter results, as previously announced, were disappointing” said Chairman and CEO Bill Nuti. “Our Retail Solutions business was challenged by customers spending more cautiously than anticipated and further delaying solution rollouts. These trends, along with difficult global macroeconomic conditions and foreign currency headwinds, had significant impacts on our performance in the third quarter, and we expect they will continue to impact our Retail Solutions business in the fourth quarter. However, we remain confident in our transformation trajectory and our positioning of the business for long-term growth. This confidence is underscored by the strong performance of our Financial Services business, software and SaaS growth well in excess of overall revenue growth, and the broader trends favoring adoption of omni-channel consumer transaction technologies, where our global leadership position offers significant opportunity. As we conclude the year and look to 2015, we are focused on enhanced execution and efficiency, including our current restructuring program.”

#### Q3 Financial Summary

	Third Quarter		
	2014	2013	Change
\$ in millions, except per share amounts			
Revenue	\$1,647	\$1,508	9% *
Income from operations **	\$41	\$145	(72)%
Non-pension operating income (NPOI)	\$204	\$185	10%
Diluted earnings per share ***	\$—	\$0.58	(100)%
Non-GAAP diluted earnings per share	\$0.67	\$0.76	(12)%

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

\*\* Income from operations includes \$127 million related to the previously announced restructuring plan.

\*\*\* Diluted earnings per share includes \$0.58 related to the previously announced restructuring plan.

In this release, we use the non-GAAP measures non-pension operating income (NPOI), non-GAAP diluted earnings per share, free cash flow and revenue growth on a constant currency basis. These non-GAAP measures are described and reconciled to their most directly comparable GAAP measures elsewhere in this release.

### Q3 Supplemental Revenue Information

\$ in millions	Third Quarter		
	2014	2013	Change
Software-as-a-Service (SaaS)	\$ 125	\$ 37	238%
Software License/Software Maintenance	157	155	1%
Professional Services	148	130	14%
Total Software-Related Revenue	430	322	34%
Hardware	650	626	4%
Other Services	567	560	1%
Total Revenue	\$ 1,647	\$ 1,508	9%

Software-related revenue increased 34% in the third quarter, including 238% growth related to SaaS. Excluding the contribution of Digital Insight, software-related revenue increased 7% and SaaS revenue increased 11%.

### Q3 Operating Segment Results

\$ in millions	Third Quarter		
	2014	2013	% Change
<b>Revenue by segment</b>			
Financial Services	\$ 899	\$ 767	17 %
Retail Solutions	489	494	(1)%
Hospitality	168	161	4 %
Emerging Industries	91	86	6 %
<b>Total Revenue</b>	<b>\$ 1,647</b>	<b>\$ 1,508</b>	<b>9 %</b>
<b>Operating income by segment</b>			
Financial Services	\$ 144	\$ 93	
% of Financial Services Revenue	16.0%	12.1%	
Retail Solutions	24	50	
% of Retail Solutions Revenue	4.9%	10.1%	
Hospitality	27	26	
% of Hospitality Revenue	16.1%	16.1%	
Emerging Industries	9	16	
% of Emerging Industries Revenue	9.9%	18.6%	
<b>Segment operating income</b>	<b>\$ 204</b>	<b>\$ 185</b>	
% of Total Revenue	12.4%	12.3%	

Revenue increased 9% compared to the prior year led by strong growth in Financial Services where branch transformation revenues continued to increase and Digital Insight contributed \$93 million of revenue in the third quarter of 2014. Hospitality and Emerging Industries revenue also increased year over year, while Retail Solutions faced reduced customer spending and rollout delays, particularly in the North America market. Foreign currency fluctuations negatively impacted revenue by 1%.

Segment operating income increased 10% compared to the prior year. The increase was led by Financial Services, where growth was driven by a higher mix of software-related revenue. Retail Solutions operating income declined due to challenges in the retail market and lower software license revenue. Hospitality operating income increased due to the

increase in revenues. Emerging Industries operating income was negatively impacted by onboarding costs associated with managed services contracts and continued investment in Small Business.

### Free Cash Flow

\$ in millions	Third Quarter	
	2014	2013
<b>Net cash provided by operating activities</b>	<b>\$ 124</b>	<b>\$ 27</b>
Total capital expenditures	(58)	(66)
Net cash provided by (used in) discontinued operations	66	(27)
<b>Free cash flow</b>	<b>\$ 132</b>	<b>\$ (66)</b>

Free cash flow increased mainly due to improvements in working capital and recoveries from the Fox River environmental-related matter.

More information on NCR's Q3 2014 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

### 2014 Outlook

As announced on October 20, 2014, the Company lowered guidance for the full-year 2014 which is reflected as current 2014 guidance in the following table.

\$ in millions, except per share amounts	Current 2014 Guidance		Prior 2014 Guidance		2013 Actual	
Revenue	<b>\$6,575 - \$6,625</b>	(1)	<b>\$6,750 - \$6,850</b>	(1)	\$6,123	(1)
Year-over-year revenue growth	7% - 8%	(1)	10% - 12%	(1)	7%	(1)
Income from operations (GAAP)	<b>\$499 - \$519</b>	(2)	<b>\$580 - \$600</b>	(2)	\$666	(2)
Non-pension operating income (NPOI)	\$810 - \$830		\$900 - \$920		\$717	
Diluted earnings per share (GAAP)	<b>\$1.30 - \$1.40</b>	(2)	<b>\$1.75 - \$1.85</b>	(2)	\$2.67	(2)
Non-GAAP Diluted EPS	\$2.60 - \$2.70		\$3.00 - \$3.10		\$2.81	

(1) Includes 1% of expected unfavorable foreign currency fluctuations.

(2) 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 \$215 million of other expense, net including interest expense in 2014 and that its full-year 2014 effective income tax rate will be approximately 25%.

Related to the previously announced restructuring plan, NCR recorded a charge of \$130 million in third quarter of 2014 included in income from continuing operations. In total, NCR expects to incur a pre-tax charge in the range of approximately \$150 million to \$200 million that will be included in income from continuing operations, with approximately \$150 million recorded in 2014 and the remainder recorded in 2015. The estimate includes both severance and asset related charges. The cash impact of the restructuring plan is expected to be approximately \$50 million in 2014 and \$50 million in 2015. Annualized savings are expected to reach approximately \$90 million by 2016.

### Q4 2014 Outlook

For the fourth quarter of 2014, the Company expects non-pension operating income (NPOI) to be in the range of \$241 million to \$261 million, compared to \$221 million in the fourth quarter of 2013, and income from operations to be in the range of \$181 million to \$201 million, compared to \$297 million in the fourth quarter of 2013. NCR expects its fourth

quarter 2014 effective income tax rate to be approximately 30% and other expense, net including interest expense to be approximately \$55 million.

### **2014 Third Quarter Earnings Conference Call**

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the third quarter results and guidance for fourth 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 800-218-2154 and entering the participant passcode 7299877.

#### **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](http://www.ncr.com)

Twitter: @NCRCorporation

Facebook: [www.facebook.com/ncrcorp](http://www.facebook.com/ncrcorp)

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

YouTube: [www.youtube.com/user/ncrcorporation](http://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 expected trends, and market and economic conditions affecting NCR and its business; the transformation of NCR’s business and expectations for growth; the expected growth of NCR’s software and SaaS revenue; NCR’s recently announced restructuring plan and its costs, expected benefits and results; and NCR’s 2014 financial outlook (including in the sections entitled “2014 Outlook” and “Q4 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 including, in particular, market conditions in the retail industry; the impact of our indebtedness and its terms on our financial and operating activities; our ability to successfully introduce new solutions and compete 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; the success of our recently announced restructuring plan; 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 elsewhere in this release or in the tables below.

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

	Q3 2014 Actual	Q3 2013 Actual	Current 2014 Guidance	Prior 2014 Guidance	2013 Actual
<b>Diluted EPS (GAAP)</b>	<b>\$ —</b>	<b>\$ 0.58</b>	<b>\$1.30 - \$1.40</b>	<b>\$1.75 - \$1.85</b>	<b>\$ 2.67</b>
Pension (benefit) expense	(0.05)	0.02	0.03	0.03	(0.34)
Restructuring plan	0.58	—	0.66	0.61	—
Acquisition-related costs	0.02	0.06	0.11	0.11	0.21
Acquisition-related amortization of intangibles	0.12	0.09	0.47	0.47	0.29
Acquisition-related purchase price adjustments	—	0.01	0.02	0.02	0.06
OFAC and FCPA Investigations <sup>(1)</sup>	—	—	0.01	0.01	0.01
Japan valuation reserve release	—	—	—	—	(0.09)
<b>Non-GAAP Diluted EPS</b>	<b>\$ 0.67</b>	<b>\$ 0.76</b>	<b>\$2.60 - \$2.70</b>	<b>\$3.00 - \$3.10</b>	<b>\$ 2.81</b>

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

\$ in millions	Q3 2014 Actual	Q3 2013 Actual	Current 2014 Guidance	Prior 2014 Guidance	2013 Actual	Q4 2014 Guidance	Q4 2013 Actual
<b>Income from Operations (GAAP)</b>	<b>\$ 41</b>	<b>\$ 145</b>	<b>\$499 - \$519</b>	<b>\$580 - \$600</b>	<b>\$ 666</b>	<b>\$181 - \$201</b>	<b>\$ 297</b>
Pension (benefit) expense	1	5	8	8	(78)	6	(99)
Restructuring plan	127	—	147	150	—	20	—
Acquisition-related costs	5	14	28	33	46	3	2
Acquisition-related amortization of intangibles	29	17	120	121	65	31	17
Acquisition-related purchase price adjustments	1	3	6	6	15	—	3
OFAC and FCPA Investigations <sup>(1)</sup>	—	1	2	2	3	—	1
<b>Non-pension Operating Income (non-GAAP)</b>	<b>\$ 204</b>	<b>\$ 185</b>	<b>\$810 - \$830</b>	<b>\$900 - \$920</b>	<b>\$ 717</b>	<b>\$241 - \$261</b>	<b>\$ 221</b>

#### 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	9%	(1)%	10%

<sup>(1)</sup> 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 September 30			
	Three Months		Nine Months	
	2014	2013	2014	2013
<b>Revenue</b>				
Products	\$ 721	\$ 701	\$ 2,077	\$ 2,111
Services	926	807	2,746	2,342
<b>Total Revenue</b>	<b>1,647</b>	<b>1,508</b>	<b>4,823</b>	<b>4,453</b>
Cost of products	547	524	1,554	1,577
Cost of services	696	569	1,969	1,666
<b>Total gross margin</b>	<b>404</b>	<b>415</b>	<b>1,300</b>	<b>1,210</b>
% of Revenue	24.5 %	27.5%	27.0%	27.2%
Selling, general and administrative expenses	232	217	724	678
Research and development expenses	59	53	186	163
Restructuring-related charges	72	—	72	—
<b>Income from operations</b>	<b>41</b>	<b>145</b>	<b>318</b>	<b>369</b>
% of Revenue	2.5 %	9.6%	6.6%	8.3%
Interest expense	(46)	(23)	(135)	(70)
Other (expense) income, net	(14)	(3)	(24)	(4)
Total other (expense), net	(60)	(26)	(159)	(74)
<b>(Loss) income before income taxes and discontinued operations</b>	<b>(19)</b>	<b>119</b>	<b>159</b>	<b>295</b>
% of Revenue	(1.2)%	7.9%	3.3%	6.6%
Income tax (benefit) expense	(19)	19	14	44
<b>Income from continuing operations</b>	<b>—</b>	<b>100</b>	<b>145</b>	<b>251</b>
Income (loss) from discontinued operations, net of tax	15	—	15	(1)
<b>Net Income</b>	<b>15</b>	<b>100</b>	<b>160</b>	<b>250</b>
Net income attributable to noncontrolling interests	—	2	2	5
<b>Net income attributable to NCR</b>	<b>\$ 15</b>	<b>\$ 98</b>	<b>\$ 158</b>	<b>\$ 245</b>
<b>Amounts attributable to NCR common stockholders:</b>				
Income from continuing operations	\$ —	\$ 98	\$ 143	\$ 246
Income (loss) from discontinued operations, net of tax	15	—	15	(1)
Net income	\$ 15	\$ 98	\$ 158	\$ 245
<b>Net income per share attributable to NCR common stockholders:</b>				
<b>Net income per common share from continuing operations</b>				
Basic	\$ —	\$ 0.59	\$ 0.85	\$ 1.49
Diluted	\$ —	\$ 0.58	\$ 0.84	\$ 1.46
<b>Net income per common share</b>				
Basic	\$ 0.09	\$ 0.59	\$ 0.94	\$ 1.48
Diluted	\$ 0.09	\$ 0.58	\$ 0.92	\$ 1.45
<b>Weighted average common shares outstanding</b>				
Basic	168.2	166.2	167.7	165.1
Diluted	171.3	170.0	171.1	168.8

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

	For the Periods Ended September 30					
	Three Months			Nine Months		
	2014	2013	% Change	2014	2013	% Change
<b>Revenue by segment</b>						
Financial Services	\$ 899	\$ 767	17 %	\$ 2,593	\$ 2,263	15 %
Retail Solutions	489	494	(1)%	1,482	1,498	(1)%
Hospitality	168	161	4 %	487	450	8 %
Emerging Industries	91	86	6 %	261	242	8 %
<b>Total Revenue</b>	<b>\$ 1,647</b>	<b>\$ 1,508</b>	<b>9 %</b>	<b>\$ 4,823</b>	<b>\$ 4,453</b>	<b>8 %</b>
<b>Operating income by segment</b>						
Financial Services	\$ 144	\$ 93		\$ 384	\$ 245	
% of Revenue	16.0%	12.1%		14.8%	10.8%	
Retail Solutions	24	50		108	140	
% of Revenue	4.9%	10.1%		7.3%	9.3%	
Hospitality	27	26		62	74	
% of Revenue	16.1%	16.1%		12.7%	16.4%	
Emerging Industries	9	16		15	37	
% of Revenue	9.9%	18.6%		5.7%	15.3%	
<b>Subtotal-segment operating income</b>	<b>\$ 204</b>	<b>\$ 185</b>		<b>\$ 569</b>	<b>\$ 496</b>	
% of Revenue	12.4%	12.3%		11.8%	11.1%	
Pension expense	1	5		2	21	
Other adjustments <sup>(1)</sup>	162	35		249	106	
<b>Total income from operations</b>	<b>\$ 41</b>	<b>\$ 145</b>		<b>\$ 318</b>	<b>\$ 369</b>	

<sup>(1)</sup> Other adjustments for the three months ended September 30, 2014 include \$127 million related to the restructuring plan, \$29 million of acquisition-related amortization of intangible assets, \$5 million of acquisition-related costs, and \$1 million of acquisition-related purchase price adjustments; other adjustments for the three months ended September 30, 2013 include \$17 million of acquisition-related amortization of intangible assets, \$14 million of acquisition-related costs, \$3 million of acquisition-related purchase price adjustments and \$1 million of legal costs related to the previously disclosed OPAC and FCPA investigations. Other adjustments for the nine months ended September 30, 2014 include \$127 million related to the restructuring plan, \$89 million of acquisition-related amortization of intangible assets, \$25 million of acquisition-related costs, \$6 million of acquisition-related purchase price adjustments and \$2 million of legal costs related to previously disclosed OFAC and FCPA investigations; other adjustments for the nine months ended September 30, 2013 include \$48 million of acquisition-related amortization of intangible assets, \$44 million of acquisition-related costs, \$12 million of acquisition-related purchase price adjustments and \$2 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

	September 30, 2014	June 30, 2014	December 31, 2013
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 424	\$ 483	\$ 528
Restricted cash	—	—	1,114
Accounts receivable, net	1,454	1,464	1,339
Inventories	777	816	790
Other current assets	557	627	568
<b>Total current assets</b>	<b>3,212</b>	<b>3,390</b>	<b>4,339</b>
Property, plant and equipment, net	398	402	352
Goodwill	2,773	2,791	1,534
Intangibles, net	962	994	494
Prepaid pension cost	506	520	478
Deferred income taxes	245	247	441
Other assets	514	505	470
<b>Total assets</b>	<b>\$ 8,610</b>	<b>\$ 8,849</b>	<b>\$ 8,108</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities			
Short-term borrowings	\$ 85	\$ 83	\$ 34
Accounts payable	705	678	670
Payroll and benefits liabilities	203	188	191
Deferred service revenue and customer deposits	529	563	525
Other current liabilities	486	464	461
<b>Total current liabilities</b>	<b>2,008</b>	<b>1,976</b>	<b>1,881</b>
Long-term debt	3,660	3,840	3,320
Pension and indemnity plan liabilities	513	529	532
Postretirement and postemployment benefits liabilities	172	169	169
Income tax accruals	189	178	189
Environmental liabilities	48	101	121
Other liabilities	76	87	99
<b>Total liabilities</b>	<b>6,666</b>	<b>6,880</b>	<b>6,311</b>
Redeemable noncontrolling interests	12	15	14
<b>Stockholders' equity</b>			
NCR stockholders' equity:			
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of September 30, 2014, June 30, 2014, and December 31, 2013, respectively	—	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 168.4, 168.0, and 166.6 shares issued and outstanding as of September 30, 2014, June 30, 2014, and December 31, 2013, respectively	2	2	2
Paid-in capital	446	438	433
Retained earnings	1,530	1,515	1,372
Accumulated other comprehensive loss	(60)	(14)	(38)
<b>Total NCR stockholders' equity</b>	<b>1,918</b>	<b>1,941</b>	<b>1,769</b>
Noncontrolling interests in subsidiaries	14	13	14
<b>Total stockholders' equity</b>	<b>1,932</b>	<b>1,954</b>	<b>1,783</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,610</b>	<b>\$ 8,849</b>	<b>\$ 8,108</b>



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

Schedule D

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2014	2013	2014	2013
<b>Operating activities</b>				
Net income	\$ 15	\$ 100	\$ 160	\$ 250
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Loss from discontinued operations	(15)	—	(15)	1
Depreciation and amortization	69	52	211	149
Stock-based compensation expense	7	12	26	34
Deferred income taxes	(38)	2	(28)	(8)
Gain on sale of property, plant and equipment and other assets	—	(9)	(2)	(14)
Impairment of long-lived and other assets	8	—	8	—
Changes in assets and liabilities:				
Receivables	11	(85)	(77)	(152)
Inventories	41	(16)	14	(41)
Current payables and accrued expenses	31	10	33	(24)
Deferred service revenue and customer deposits	(33)	(35)	2	21
Employee benefit plans	47	(20)	(12)	(152)
Other assets and liabilities	(19)	16	(85)	(48)
<b>Net cash provided by operating activities</b>	<b>124</b>	<b>27</b>	<b>235</b>	<b>16</b>
<b>Investing activities</b>				
Expenditures for property, plant and equipment	(22)	(36)	(88)	(80)
Proceeds from sales of property, plant and equipment	—	8	—	10
Additions to capitalized software	(36)	(30)	(109)	(75)
Business acquisition, net	(5)	—	(1,647)	(696)
Changes in restricted cash	—	—	1,114	—
Other investing activities, net	—	(1)	4	5
<b>Net cash used in investing activities</b>	<b>(63)</b>	<b>(59)</b>	<b>(726)</b>	<b>(836)</b>
<b>Financing activities</b>				
Tax withholding payments on behalf of employees	(4)	(1)	(28)	(28)
Short term borrowings, net	(7)	(7)	2	(1)
Payments on term credit facilities	(17)	—	(20)	(35)
Borrowings on term credit facilities	—	300	250	300
Payments on revolving credit facility	(273)	(350)	(528)	(845)
Borrowings on revolving credit facility	120	120	690	845
Debt issuance costs	—	(9)	(3)	(12)
Proceeds from employee stock plans	3	7	10	52
Other financing activities	—	—	(3)	—
<b>Net cash (used in) provided by financing activities</b>	<b>(178)</b>	<b>60</b>	<b>370</b>	<b>276</b>
<b>Cash flows from discontinued operations</b>				
Net cash provided by (used in) discontinued operations	66	(27)	28	(51)
Effect of exchange rate changes on cash and cash equivalents	(8)	(1)	(11)	(14)
<b>Decrease in cash and cash equivalents</b>	<b>(59)</b>	<b>—</b>	<b>(104)</b>	<b>(609)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>483</b>	<b>460</b>	<b>528</b>	<b>1,069</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 424</b>	<b>\$ 460</b>	<b>\$ 424</b>	<b>\$ 460</b>

# Q3 2014 EARNINGS CONFERENCE CALL

BILL NUTI, CHAIRMAN AND CEO  
BOB FISHMAN, CFO

October 23, 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 revenue, software-related revenue (and the components thereof) and operational gross margins; the anticipated effects of the recent rulings in the Fox River appeals, including with respect to cash flow and related reserves; the expected benefits of NCR's recently announced voluntary lump sum offer to retirees under its U.S. pension plan; the future growth and transformation of NCR and its lines of business; NCR's 2014 financial outlook; and the costs and expected benefits and results of NCR's recently announced restructuring plan. 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 October 23, 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](http://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.





# RETAIL SOLUTIONS

Q3 2014 Update



## Financial Highlights

### Revenue

**\$489M** ↓ -1% y/y

### Operating Income

**\$24M** ↓ -52% y/y

### Operating Margin

**4.9%** ↓ -520 bps

## Performance Highlights

- Orders down 27% driven by challenges primarily in North America with additional weakness in Europe
- Backlog up 9% but further delays in solution rollouts
- Q3 revenue and operating margin down due to continued weakness in the North America market and lower software license revenue
- Software-related revenue up 1%; SaaS revenue flat

## Key Developments

- Challenging retail market impacting results
  - Weak same store sales comparisons and financial results
  - Data security concerns shifting IT priorities, resources & capital spending
  - Ongoing retail consolidation among customer base
- Announced Michael Bayer as new SVP & President
- Maintained strong market position in North America and globally
- Continued demand for Retalix solutions as reflected by Retalix order growth
- Enabling integration of consumer mobile payment applications through point-of-sale and mobile commerce channels

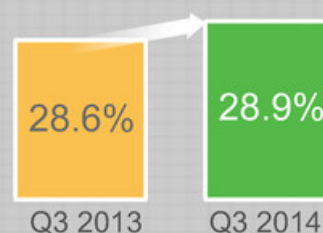
# Q3 2014 FINANCIAL HIGHLIGHTS

## REVENUE



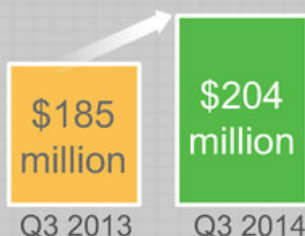
Up 9% y/y / Up 10% constant currency  
Recurring revenue up 18%, 41% of total

## OPERATIONAL GROSS MARGIN



Up 30 bps y/y

## NPOI



Up 10% y/y; lower than expected  
Q3 NPOI margin<sup>(1)</sup> of 12.4%

## FREE CASH FLOW

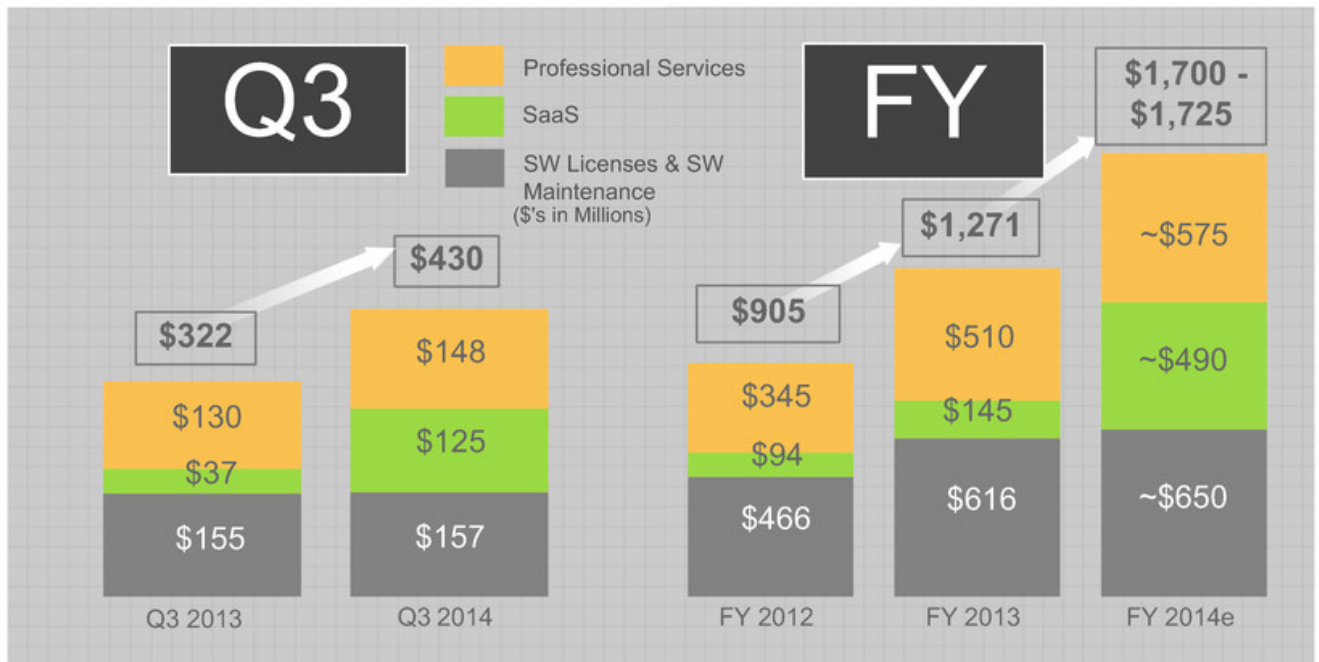


Excluding \$93 million recoveries from the Fox River  
environmental-related matter, FCF up \$105M



<sup>(1)</sup> NPOI as a percentage of revenue.

# SOFTWARE-RELATED REVENUE GROWTH

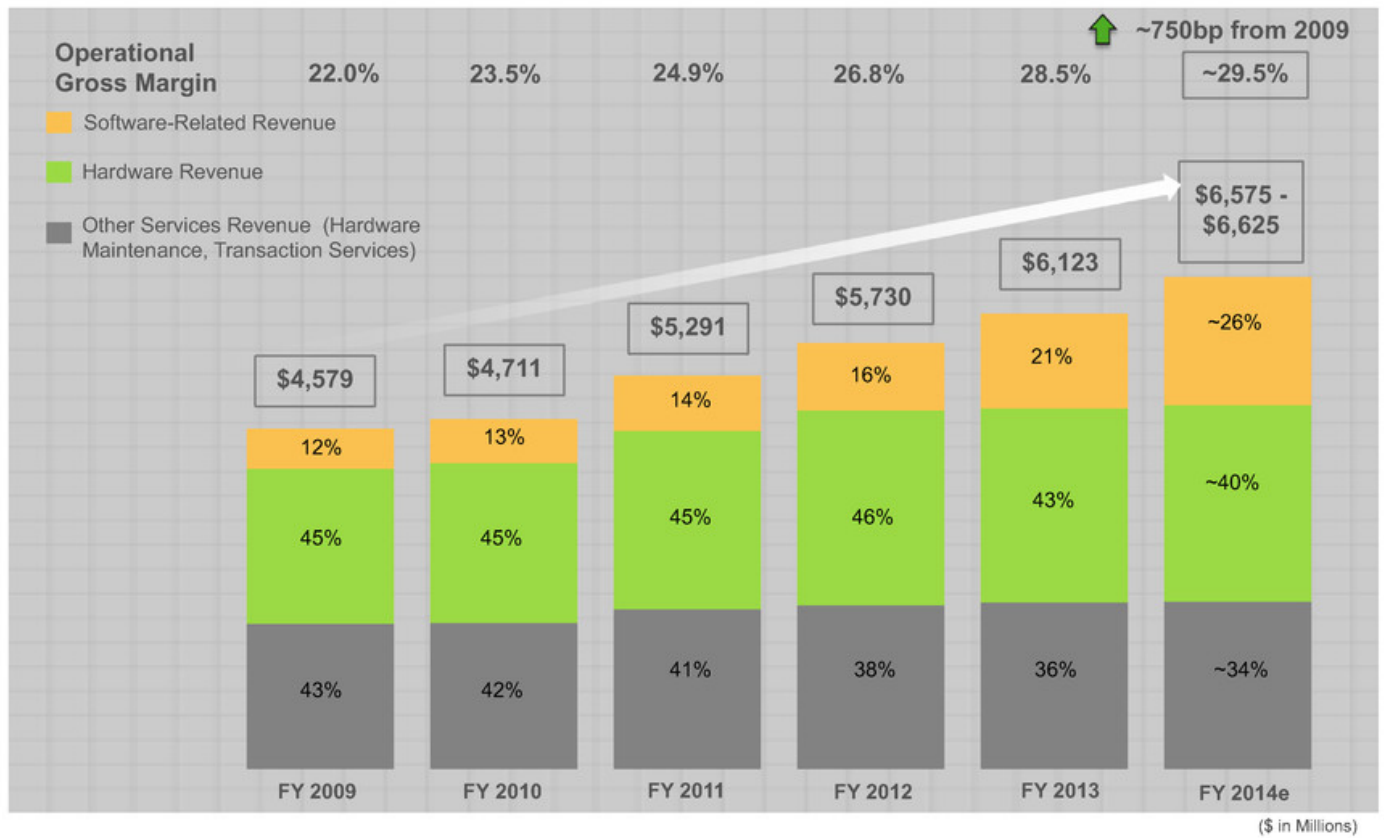


- Q3 Software-related revenue up 34% y/y; up 7% excluding Digital Insight
- Q3 Professional Services revenue up 14% y/y
- Q3 SaaS revenue up 238% y/y; up 11% excluding Digital Insight

- FY2014 target lowered to \$1,700 - \$1,725 from \$1,775 - \$1,825
- 2014 growth now expected to be ~34-36%; up ~8-10% y/y excluding Digital Insight



# SOFTWARE-RELATED REVENUE POSITIVELY IMPACTING MARGINS



# FURTHER EXECUTION AGAINST LEGACY ISSUES

**Significant progress on Fox River in September 2014**  
**Favorable rulings reduce reserve and may improve cash flow**  
**New funding agreement provides cash flow predictability**

## **Seventh Circuit Favorable Rulings in Fox River Appeals**

- Overturned decisions that held NCR 100% liable for certain Fox River cleanup costs
- Vacated cleanup injunction and declaratory judgment as to NCR
- Upheld ruling that NCR does not have "arranger liability" at the Fox River
- Cases will return to trial court for further proceedings
- NCR will pursue others for cleanup participation and costs; may have favorable impact on remediation cash flow
- Rulings and other items have favorable impact to Fox River reserve - reduced from \$95M at Q2 2014 to \$57M at Q3 2014

## **New Four-Party Funding Agreement regarding Fox River & Certain Future Sites**

- Collected \$93M against API Fox obligation, effectively ending API arbitration
- Secured funding from 3 parties, including API, Windward and BAT
- Four companies now working together to pursue claims against other parties to maximize recoveries

**Pension Phase III Update: Executing NPV-positive pension transactions to add value & reduce risk for shareholders**

## **U.S. Retiree Lump Sum Offer**

- Offered ~20,000 U.S. retirees the opportunity to convert their annuity benefit to a lump-sum during Q3
- ~50% of the eligible retirees chose the lump-sum option
- Lump-sum of nearly \$800M will be paid in Q4 from plan assets reducing enterprise risk by eliminating more than a quarter of NCR's U.S. pension liability
- Action will be NPV positive as it materially reduces ongoing PBGC fixed premiums and plan recordkeeping costs



# Q3 OPERATIONAL RESULTS

For the three months ended September 30

	2014	2013	% Change
<b>Revenue</b>	\$1,647	\$1,508	9 % <sup>(1)</sup> / 10% <sup>(2)</sup>
<b>Operational Gross Margin</b>	476	431	10 %
<b>Operational Gross Margin Rate</b>	28.9%	28.6%	
<b>Expenses (non-GAAP)</b>	272	246	11 %
<b>% of Revenue</b>	16.5%	16.3%	
<b>NPOI</b>	204	185	10 %
<b>% of Revenue</b>	12.4%	12.3%	
<b>Non-GAAP Diluted EPS<sup>(3)</sup></b>	\$0.67	\$0.76	(12)%

(1) As reported.

(2) On a constant currency basis.

(3) Decrease primarily related to higher interest expense and unfavorable foreign currency fluctuations.

\$ millions, except per share amounts



# Q3 GAAP RESULTS

	For the three months ended September 30		
	2014	2013	% Change
<b>Revenue</b>	\$1,647	\$1,508	9 %
<b>Gross Margin <sup>(1)</sup></b>	404	415	(3)%
<b>Gross Margin Rate</b>	24.5%	27.5%	
<b>Expenses <sup>(1)</sup></b>	363	270	34 %
<b>% of Revenue</b>	22.0%	17.9%	
<b>Income from Operations <sup>(1)</sup></b>	41	145	(72)%
<b>% of Revenue</b>	2.5%	9.6%	
<b>GAAP Diluted EPS<sup>(1)</sup></b>	\$—	\$0.58	(100)%

(1) Includes the impact of the previously announced restructuring plan. See further detail on slide 27.

\$ millions, except per share amounts



# Q3 REVENUE BY SEGMENT

	For the three months ended September 30			
	2014	2013	% Change	% Change (Constant Currency)
<b>Financial Services</b>	\$899	\$767	17 %	18 %
Excluding Digital Insight	\$806		5 %	6 %
<b>Retail Solutions</b>	489	494	(1)%	(1)%
<b>Hospitality</b>	168	161	4 %	4 %
<b>Emerging Industries</b>	91	86	6 %	6 %
<b>Total Revenue</b>	<b>\$1,647</b>	<b>\$1,508</b>	<b>9 %</b>	<b>10 %</b>
Excluding Digital Insight	\$1,554		3 %	4 %

\$ millions





# Q3 OPERATING INCOME BY SEGMENT

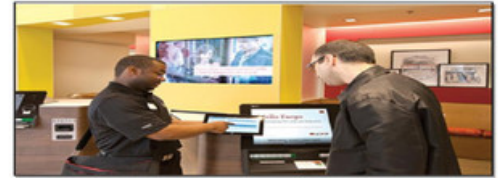
	For the three months ended September 30	
	2014	2013
<b>Financial Services</b>	\$144	\$93
% of Financial Services Revenue	16.0%	12.1%
<b>Retail Solutions</b>	24	50
% of Retail Solutions Revenue	4.9%	10.1%
<b>Hospitality</b>	27	26
% of Hospitality Revenue	16.1%	16.1%
<b>Emerging Industries</b>	9	16
% of Emerging Industries Revenue	9.9%	18.6%
<b>NPOI</b>	\$204	\$185
% of Total Revenue	12.4%	12.3%

\$ millions



# FINANCIAL SERVICES

Q3 2014 Update



## Financial Highlights

### Revenue

**\$899M** ↑ +17% y/y

### Operating Income

**\$144M** ↑ +55% y/y

### Operating Margin

**16.0%** ↑ +390 bps

## Performance Highlights

- Core order growth of 7% driven by North America community financial institutions, Europe, Southeast Asia, and MEA
- Backlog up 14% driven by Branch Transformation and software demand
- Operating margin increased 55% with half from the core, driven by mix shift, and half from Digital Insight
- Core revenue up 5% y/y and operating margin up 240 bps
- Software-related revenue up 96%; up 20% excluding Digital Insight

## Key Developments

- Balanced performance globally, led by North America, Europe and MEA
- Continued strong performance for Branch Transformation
  - Branch Transformation y/y orders and revenues up 90% and 125%, respectively
  - 13 new Interactive Services customers; customer wins globally
- Digital Insight performing ahead of expectations
  - Q3 revenue of \$93 million and operating income of \$27 million
  - 20% year-to-date increase in customer renewals
  - Continued strong mobile growth - 6.4M mobile active users vs. 4.6M last year
  - NCR-owned data centers installed; Transition customer and applications from mid-2014 through early 2015



# HOSPITALITY

Q3 2014 Update



## Financial Highlights

### Revenue

**\$168M** ↑ +4% y/y

### Operating Income

**\$27M** ↑ +4% y/y

### Operating Margin

**16.1%** Flat y/y

## Performance Highlights

- Revenue growth across North America and Europe
- Operating margin up 260 bps over Q2 2014
- Software-related revenue down 2%
- SaaS revenue up 21%
- SaaS application sites up 21% y/y

## Key Developments

- Customer wins across product areas including venue management solutions, restaurant operations and consumer engagement solutions
- Expanding partnership with Yum Brands in key international markets
- Continuing to advance North America SMB market strategy
  - 13% revenue growth y/y
- Enabling integration of consumer mobile payment applications through point-of-sale and mobile commerce channels

# EMERGING INDUSTRIES

## Q3 2014 Update



### Financial Highlights

#### Revenue

**\$91M** ↑ +6% y/y

#### Operating Income

**\$9M** ↓ -\$7M y/y

#### Operating Margin

**9.9%** ↓ vs. 18.6% Q3 2013

### Performance Highlights

- Telecom & Technology revenue up 14%
- Travel revenue down 23%
- Small Business continues to gain momentum
- Operating income negatively impacted by costs related to onboarding managed services contracts and continued investment in Small Business

### Key Developments

#### *Telecom & Technology*

- Globe Telecom (Phillipines) using NCR Bill Pay solution to provide differentiated customer service

#### *Travel*

- Added omni-channel capabilities to NCR Wayfinding
- Deployment with Spring Airlines (Japan)
- Delivered a record 35M mobile airline boarding passes in Q3 2014, up 203% y/y

#### *Small Business (NCR Silver)*

- Increased adoption of NCR Silver; Customer base up 28% over Q2 2014 and up 195% y/y
- Strengthened platform through enabling online and mobile ordering including Apple Pay support and extending customer support to 24/7
- NCR Silver won American Business Award for 'Best Business-to-Business Product'

# Q3 SUPPLEMENTAL REVENUE INFORMATION

	For the three months ended September 30		
	2014	2013	% Change
SaaS	\$125	\$37	238 %
Software License and Software Maintenance	157	155	1 %
Professional Services	148	130	14 %
<b>Total Software-Related Revenue</b>	<b>430</b>	<b>322</b>	<b>34 %</b>
Hardware	650	626	4 %
Other Services	567	560	1 %
<b>Total Revenue</b>	<b>\$1,647</b>	<b>\$1,508</b>	<b>9 %</b>

\$ millions



# FREE CASH FLOW

	Q3 2014	Q3 2013	FY 2014e	FY 2013
Cash Provided by Operating Activities	\$124	\$27	\$442 - \$477	\$281
Net capital expenditures	(58)	(66)	(250) - (260)	(226)
Cash Provided by (Used In) Discontinued Operations	66	(27)	0 - (5)	(52)
Pension discretionary contributions and settlements	—	—	48	204
<b>Free Cash Flow (Used) <sup>(1)</sup></b>	<b>\$132</b>	<b>(\$66)</b>	<b>~\$225 - \$275</b>	<b>\$207</b>

\$ millions

<sup>(1)</sup> FY 2014e free cash flow includes the estimated cash impact of ~\$50 million related to the previously announced restructuring plan.



# FREE CASH FLOW GENERATION

	Current 2014e	Prior 2014e	2013
<b>Free Cash Flow (FCF)</b>	~\$225 - \$275	~\$250 - \$300	\$207
plus: Pension	50	50	79
plus: Discontinued Ops	0-5 <sup>(2)</sup>	45-55 <sup>(1)</sup>	52
plus: Acquisition-related costs	25-35	25-35	43
plus: Restructuring plan	50	50	—
<b>Adjusted FCF</b>	<b>~\$350 - \$415</b>	<b>~\$420 - \$490</b>	<b>\$381</b>
<b>Adjusted FCF as a % of non-GAAP net income</b>	<b>~80%</b>	<b>~85%</b>	<b>80%</b>

\$ millions, except metrics

- (1) Prior 2014 estimate included approximately \$45 million of anticipated recoveries related to the Fox River environmental matter offset by \$90 million to \$100 million net remediation and transaction costs related to environmental matters.
- (2) Current 2014 estimate includes \$93 million of recoveries received in Q3 2014 related to the Fox River environmental matter offset by \$93 million to \$98 million net remediation and transaction costs related to environmental matters.

# NET DEBT & EBITDA METRICS

	2013	Q1 2014	Q2 2014	Q3 2014
Debt	\$3.4	\$3.9	\$3.9	\$3.7
Cash	0.5	0.5	0.5	0.4
Net Debt	\$2.9	\$3.4	\$3.4	\$3.3
Adjusted EBITDA	\$0.9	\$0.9 <sup>(1)</sup>	\$1.0 <sup>(1)</sup>	\$1.0 <sup>(1)</sup>
Net Debt / Adjusted EBITDA	3.2x	3.7x	3.4x	3.3x

<sup>(1)</sup> Adjusted EBITDA for the trailing twelve-month period.

\$ in billions, except metrics





# FY 2014 GUIDANCE

	Current 2014 Guidance	Prior 2014 Guidance	2013
Revenue	\$6,575 - \$6,625 <sup>(1)</sup>	\$6,750 - \$6,850 <sup>(1)</sup>	\$6,123
Year-over-Year Revenue Growth	7% - 8% <sup>(1)</sup>	10% - 12% <sup>(1)</sup>	7%
Income from Operations (GAAP) <sup>(2) (4)</sup>	\$499 - \$519	\$580 - \$600	\$666
Non-Pension Operating Income (NPOI)	\$810 - \$830	\$900 - \$920	\$717
Adjusted EBITDA	\$1,001 - \$1,021	\$1,085 - \$1,105	\$886
Diluted EPS (GAAP) <sup>(2) (4)</sup>	\$1.30 - \$1.40	\$1.75 - \$1.85	\$2.67
Non-GAAP Diluted EPS <sup>(3)</sup>	\$2.60 - \$2.70	\$3.00 - \$3.10	\$2.81
Free Cash Flow <sup>(4)</sup>	\$225 - \$275	\$250 - \$300	\$207

<sup>(1)</sup> Includes 1% of unfavorable foreign currency fluctuations.

<sup>(2)</sup> 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.

<sup>(3)</sup> 2014 guidance now includes expected other expense (income), net (OIE) of \$215M, which incorporates \$185M of interest expense, a 25% 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.

<sup>(4)</sup> Includes the estimated pre-tax charge of \$150 million, or \$0.66 per diluted share, and the estimated cash impact of ~\$50 million related to the previously announced restructuring plan.

\$ in millions, except per share amounts

# 2014 SEGMENT REVENUE GUIDANCE

Line of Business	Current 2014e	Prior 2014e	FY 2013
<b>Financial Services</b>	15% - 16%	15% - 17%	\$3,115
Financial Services excluding Digital Insight	4% - 5%	4% - 5%	
<b>Retail</b>	(2)% - (3)%	3% - 5%	\$2,034
<b>Hospitality</b>	5% - 7%	8% - 10%	\$626
<b>Emerging Industries</b>	1% - 4%	10% - 14%	\$348
<b>Total</b>	<b>7% - 8%</b> <sup>(1)</sup>	<b>10% - 12%</b> <sup>(1)</sup>	<b>\$6,123</b>

<sup>(1)</sup> Includes 1% of unfavorable foreign currency fluctuations.

\$ in millions



# Q4 2014 GUIDANCE

	Q4 2014e	Q4 2013
<b>Income from Operations (GAAP)</b>	\$181 - \$201 <sup>(1)</sup>	\$297
<b>Non-Pension Operating Income (Non-GAAP)</b>	\$241 - \$261	\$221
<b>Tax rate</b>	30%	25%
<b>Other expense</b>	~\$55	\$32

(1) Includes an estimated pre-tax charge of \$20 million related to the previously announced restructuring plan.

\$ millions



## Q3 2014 SUMMARY

- Software and SaaS y/y revenue increased; outlook adjusted but expect continued growth
- Financial Services performed well
  - Strong performance driven by branch transformation and software growth
  - Solid order and backlog growth
  - Continued strong performance from Digital Insight benefiting from customer renewals, mobile growth and synergies/cross-sell program
- Retail Solutions continues to face headwinds
  - Continued challenges in North America but market position remains steady
  - Backlog up but further delays causing slower revenue conversion
  - Operating margins impacted by weaker software-related growth
- Hospitality – executing strategy and growing global footprint
  - Added new customers in key geographies
  - Further progress executing SMB strategy – revenues and customers growing
- Previously announced restructuring plan on track to deliver run-rate savings reaching ~\$90M by 2016
- Full year 2014 guidance lowered due to challenging retail market, difficult global macroeconomic conditions and foreign currency headwinds but remain confident in our positioning for long-term growth

SUPPLEMENTARY  
NON-GAAP MATERIALS

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# 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.





# GAAP TO NON-GAAP RECONCILIATION

## Income from Operations (GAAP) to Non-Pension Operating Income (non-GAAP) and Adjusted EBITDA (non-GAAP)

in millions	<u>Q3 2014</u> <u>LTM</u>	<u>Q2 2014</u> <u>LTM</u>	<u>Q1 2014</u> <u>LTM</u>	<u>FY 2013</u>	<u>Current FY</u> <u>2014e</u>	<u>Prior FY</u> <u>2014e</u>	<u>Q4 2014e</u>
Income from Operations (GAAP)	\$615	\$719	\$689	\$666	\$499 - \$519	\$580 - \$600	\$181 - \$201
Pension Expense (Benefit)	(97)	(93)	(86)	(78)	8	8	6
Restructuring Plan	127	—	—	—	147	150	20
Acquisition-Related Amortization of Intangibles	106	94	81	65	120	121	31
Acquisition-Related Costs	27	36	44	46	28	33	3
Acquisition-Related Purchase Price Adjustment	9	11	12	15	6	6	—
OFAC and FCPA Investigations <sup>(1)</sup>	3	4	3	3	2	2	—
<b>Non-Pension Operating Income (non-GAAP)</b>	<b>\$790</b>	<b>\$771</b>	<b>\$743</b>	<b>\$717</b>	<b>\$810 - \$830</b>	<b>\$900 - \$920</b>	<b>\$241 - \$261</b>
Depreciation and Amortization	164	159	149	143	160	155	
Ongoing Pension Expense	(6)	(11)	(12)	(15)	(4)	(10)	
Stock Compensation Expense	33	38	41	41	35	40	
<b>Adjusted EBITDA</b>	<b>\$981</b>	<b>\$957</b>	<b>\$921</b>	<b>\$886</b>	<b>\$1,001 - \$1,021</b>	<b>\$1,085 - \$1,105</b>	

<sup>(1)</sup> 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 RECONCILIATION

## Q3 2014 QTD

in millions (except per share amounts)

	Q3 QTD 2014 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q3 QTD 2014 non-GAAP
Product revenue	\$721	\$—	\$—	\$—	\$—	\$—	\$—	\$721
Service revenue	926	—	—	—	—	—	—	926
<b>Total revenue</b>	<b>1,647</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,647</b>
Cost of products	547	(9)	(9)	—	(1)	—	—	528
Cost of services	696	(46)	(6)	—	—	—	(1)	643
Gross margin	404	55	15	—	1	—	1	476
<i>Gross margin rate</i>	<i>24.5%</i>	<i>3.3%</i>	<i>0.9%</i>	<i>—%</i>	<i>0.1%</i>	<i>—%</i>	<i>0.1%</i>	<i>28.9%</i>
Selling, general and administrative expenses	232	—	(14)	(5)	—	—	—	213
Research and development expenses	59	—	—	—	—	—	—	59
Restructuring-related charges	72	(72)	—	—	—	—	—	—
Total expenses	363	(72)	(14)	(5)	—	—	—	272
<i>Total expense as a % of revenue</i>	<i>22.0%</i>	<i>(4.4)%</i>	<i>(0.8)%</i>	<i>(0.3)%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>16.5%</i>
<b>Income (loss) from operations</b>	<b>41</b>	<b>127</b>	<b>29</b>	<b>5</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>204</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>2.5%</i>	<i>7.7%</i>	<i>1.7%</i>	<i>0.3%</i>	<i>0.1%</i>	<i>—%</i>	<i>0.1%</i>	<i>12.4%</i>
Interest and Other (expense) income, net	(60)	3	—	—	—	—	—	(57)
Income (loss) from continuing operations before income taxes	(19)	130	29	5	1	—	1	147
Income tax expense (benefit)	(19)	31	9	1	1	—	9	32
<i>Effective tax rate</i>	<i>100%</i>							<i>22%</i>
Income (loss) from continuing operations	—	99	20	4	—	—	(8)	115
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$—	\$99	\$20	\$4	\$—	\$—	(\$8)	\$115
<b>Diluted earnings per share</b>	<b>\$—</b>	<b>\$0.58</b>	<b>\$0.12</b>	<b>\$0.02</b>	<b>\$—</b>	<b>\$—</b>	<b>(\$0.05)</b>	<b>\$0.67</b>



# GAAP TO NON-GAAP RECONCILIATION

## Q3 2013 QTD

	Q3 QTD 2013 GAAP	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q3 QTD 2013 non-GAAP
in millions (except per share amounts)							
Product revenue	\$701	—	—	—	—	—	\$701
Service revenue	807	—	—	—	—	—	807
<b>Total revenue</b>	<b>1,508</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,508</b>
Cost of products	524	(10)	—	—	—	—	514
Cost of services	569	—	—	(3)	—	(3)	563
Gross margin	415	10	—	3	—	3	431
<b>Gross margin rate</b>	<b>27.5%</b>	<b>0.7%</b>	<b>—%</b>	<b>0.2%</b>	<b>—%</b>	<b>0.2%</b>	<b>28.6%</b>
Selling, general and administrative expenses	217	(7)	(14)	—	(1)	(1)	194
Research and development expenses	53	—	—	—	—	(1)	52
Total expenses	270	(7)	(14)	—	(1)	(2)	246
<i>Total expense as a % of revenue</i>	<i>17.9%</i>	<i>(0.5)%</i>	<i>(0.9)%</i>	<i>—%</i>	<i>(0.1)%</i>	<i>(0.1)%</i>	<i>16.3%</i>
<b>Income (loss) from operations</b>	<b>145</b>	<b>17</b>	<b>14</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>185</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>9.6%</i>	<i>1.1%</i>	<i>1.0%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.3%</i>	<i>12.3%</i>
Interest and Other (expense) income, net	(26)	—	—	—	—	—	(26)
Income (loss) from continuing operations before income taxes	119	17	14	3	1	5	159
Income tax expense (benefit)	19	1	4	1	1	2	28
<i>Effective tax rate</i>	<i>16%</i>						<i>18%</i>
Income (loss) from continuing operations	100	16	10	2	—	3	131
Net income (loss) attributable to noncontrolling interests	2	—	—	—	—	—	2
Income (loss) from continuing operations (attributable to NCR)	\$98	\$16	\$10	\$2	\$—	\$3	\$129
<b>Diluted earnings per share</b>	<b>\$0.58</b>	<b>\$0.09</b>	<b>\$0.06</b>	<b>\$0.01</b>	<b>\$—</b>	<b>\$0.02</b>	<b>\$0.76</b>

# GAAP TO NON-GAAP RECONCILIATION

Q3 2014 YTD

in millions (except per share amounts)

	Q3 YTD 2014 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q3 YTD 2014 non-GAAP
Product revenue	\$2,077	—	—	—	—	—	—	\$2,077
Service revenue	2,746	—	—	—	—	—	—	2,746
<b>Total revenue</b>	<b>4,823</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,823</b>
Cost of products	1,554	(9)	(29)	—	(4)	—	—	1,512
Cost of services	1,969	(46)	(18)	—	(2)	—	—	1,903
Gross margin	1,300	55	47	—	6	—	—	1,408
<i>Gross margin rate</i>	<i>27.0%</i>	<i>1.1%</i>	<i>1%</i>	<i>—%</i>	<i>0.1%</i>	<i>—%</i>	<i>—%</i>	<i>29.2%</i>
Selling, general and administrative expenses	724	—	(42)	(25)	—	(2)	(1)	654
Research and development expenses	186	—	—	—	—	—	(1)	185
Restructuring-related charges	72	(72)	—	—	—	—	—	—
Total expenses	982	(72)	(42)	(25)	—	(2)	(2)	839
<i>Total expense as a % of revenue</i>	<i>20.4%</i>	<i>(1.5)%</i>	<i>(0.9)%</i>	<i>(0.6)%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>17.4%</i>
<b>Income (loss) from operations</b>	<b>318</b>	<b>127</b>	<b>89</b>	<b>25</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>569</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>6.6%</i>	<i>2.7%</i>	<i>1.9%</i>	<i>0.5%</i>	<i>0.1%</i>	<i>—%</i>	<i>—%</i>	<i>11.8%</i>
Interest and Other (expense) income, net	(159)	3	—	—	—	—	—	(156)
Income (loss) from continuing operations before income taxes	159	130	89	25	6	2	2	413
Income tax expense (benefit)	14	31	29	6	2	1	10	93
<i>Effective tax rate</i>	<i>9%</i>							<i>23%</i>
Income (loss) from continuing operations	145	99	60	19	4	1	(8)	320
Net income (loss) attributable to noncontrolling interests	2	—	—	—	—	—	—	2
Income (loss) from continuing operations (attributable to NCR)	\$143	\$99	\$60	\$19	\$4	\$1	(\$8)	\$318
Diluted earnings per share	\$0.84	\$0.58	\$0.35	\$0.11	\$0.02	\$0.01	(\$0.05)	\$1.86



# GAAP TO NON-GAAP RECONCILIATION

Q3 2013 YTD

	Q3 YTD 2013 GAAP	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q3 YTD 2013 non-GAAP
in millions (except per share amounts)							
Product revenue	\$2,111	—	—	—	—	—	\$2,111
Service revenue	2,342	—	—	—	—	—	2,342
<b>Total revenue</b>	<b>4,453</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,453</b>
Cost of products	1,577	(27)	—	—	—	—	1,550
Cost of services	1,666	—	—	(12)	—	(12)	1,642
Gross margin	1,210	27	—	12	—	12	1,261
<b>Gross margin rate</b>	<b>27.2%</b>	<b>0.5%</b>	<b>—%</b>	<b>0.3%</b>	<b>—%</b>	<b>0.3%</b>	<b>28.3%</b>
Selling, general and administrative expenses	678	(21)	(44)	—	(2)	(6)	605
Research and development expenses	163	—	—	—	—	(3)	160
Total expenses	841	(21)	(44)	—	(2)	(9)	765
<i>Total expense as a % of revenue</i>	<i>18.9%</i>	<i>(0.5)%</i>	<i>(1.0)%</i>	<i>—%</i>	<i>—%</i>	<i>(0.2)%</i>	<i>17.2%</i>
<b>Income (loss) from operations</b>	<b>369</b>	<b>48</b>	<b>44</b>	<b>12</b>	<b>2</b>	<b>21</b>	<b>496</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>8.3%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>0.3%</i>	<i>—%</i>	<i>0.5%</i>	<i>11.1%</i>
Interest and Other (expense) income, net	(74)	—	—	—	—	—	(74)
Income (loss) from continuing operations before income taxes	295	48	44	12	2	21	422
Income tax expense (benefit)	44	12	14	4	1	9	84
<i>Effective tax rate</i>	<i>15%</i>						<i>20%</i>
Income (loss) from continuing operations	251	36	30	8	1	12	338
Net income (loss) attributable to noncontrolling interests	5	—	—	—	—	—	5
Income (loss) from continuing operations (attributable to NCR)	\$246	\$36	\$30	\$8	\$1	\$12	\$333
<b>Diluted earnings per share</b>	<b>\$1.46</b>	<b>\$0.21</b>	<b>\$0.18</b>	<b>\$0.04</b>	<b>\$0.01</b>	<b>\$0.07</b>	<b>\$1.97</b>

# GAAP TO NON-GAAP RECONCILIATION

Q4 2013 QTD

in millions (except per share amounts)	Q4 QTD 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	Q4 QTD 2013 non-GAAP
Product revenue	\$801	—	—	—	—	—	—	\$801
Service revenue	869	—	—	—	—	—	—	869
<b>Total revenue</b>	<b>1,670</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,670</b>
Cost of products	575	(9)	—	(1)	—	—	2	567
Cost of services	565	—	—	(2)	—	—	56	619
Gross margin	530	9	—	3	—	—	(58)	484
<i>Gross margin rate</i>	<i>31.7%</i>	<i>0.5%</i>	<i>—%</i>	<i>0.2%</i>	<i>—%</i>	<i>—%</i>	<i>-3.4%</i>	<i>29.0%</i>
Selling, general and administrative expenses	193	(8)	(2)	—	(1)	—	28	210
Research and development expenses	40	—	—	—	—	—	13	53
Total expenses	233	(8)	(2)	—	(1)	—	41	263
<i>Total expense as a % of revenue</i>	<i>14.0%</i>	<i>(0.5)%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>2.4%</i>	<i>15.7%</i>
<b>Income (loss) from operations</b>	<b>297</b>	<b>17</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>—</b>	<b>(99)</b>	<b>221</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>17.8%</i>	<i>0.9%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>—%</i>	<i>(5.9)%</i>	<i>13.2%</i>
Interest and Other (expense) income, net	(38)	—	6	—	—	—	—	(32)
Income (loss) from continuing operations before income taxes	259	17	8	3	1	—	(99)	189
Income tax expense (benefit)	54	5	2	1	—	15	(29)	48
<i>Effective tax rate</i>	<i>21%</i>							<i>25%</i>
Income (loss) from continuing operations	205	12	6	2	1	(15)	(70)	141
Net income (loss) attributable to noncontrolling interests	(1)	—	—	—	—	—	—	(1)
Income (loss) from continuing operations (attributable to NCR)	\$206	\$12	\$6	\$2	\$1	(\$15)	(\$70)	\$142
Diluted earnings per share	\$1.21	\$0.07	\$0.03	\$0.01	\$0.01	(\$0.09)	(\$0.41)	\$0.83

# GAAP TO NON-GAAP RECONCILIATION

FY 2013

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
<b>Total revenue</b>	<b>6,123</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,123</b>
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
<b>Gross margin rate</b>	<b>28.4%</b>	<b>0.6%</b>	<b>—%</b>	<b>0.2%</b>	<b>—%</b>	<b>—%</b>	<b>-0.7%</b>	<b>28.5%</b>
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
<i>Total expense as a % of revenue</i>	<i>17.5%</i>	<i>(0.5)%</i>	<i>(0.7)%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>0.5%</i>	<i>16.8%</i>
<b>Income (loss) from operations</b>	<b>666</b>	<b>65</b>	<b>46</b>	<b>15</b>	<b>3</b>	<b>—</b>	<b>(78)</b>	<b>717</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>10.9%</i>	<i>1.1%</i>	<i>0.8%</i>	<i>0.2%</i>	<i>—%</i>	<i>—%</i>	<i>(1.3)%</i>	<i>11.7%</i>
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
<i>Effective tax rate</i>	<i>18%</i>							<i>22%</i>
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
<b>Diluted earnings per share</b>	<b>\$2.67</b>	<b>\$0.29</b>	<b>\$0.21</b>	<b>\$0.06</b>	<b>\$0.01</b>	<b>(\$0.09)</b>	<b>(\$0.34)</b>	<b>\$2.81</b>

# GAAP TO NON-GAAP RECONCILIATION

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

**FY 2014e**

Diluted EPS (GAAP)	\$1.30 - \$1.40
Pension Expense (Benefit)	0.03
Restructuring Plan	0.66
Acquisition-Related Costs	0.11
Acquisition-Related Amortization of Intangibles	0.47
Acquisition-Related Purchase Price Adjustment	0.02
OFAC and FCPA Investigations <sup>(1)</sup>	0.01
<b>Non-GAAP Diluted EPS</b>	<b>\$2.60 - \$2.70</b>

<sup>(1)</sup> 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%
<b>Operational Gross Margin Rate (non-GAAP)</b>	<b>22.0%</b>	<b>23.5%</b>	<b>24.9%</b>	<b>26.8%</b>	<b>28.5%</b>



# GAAP TO NON-GAAP RECONCILIATIONS

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

Q3 2014

Revenue Growth % (GAAP)	9%
Unfavorable foreign currency fluctuation impact	1%
Revenue Growth % on a Constant Currency Basis (non-GAAP)	10%





