

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): October 25, 2016



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 October 25, 2016, the Company issued a press release setting forth its third quarter 2016 financial results along with its fiscal year 2016 financial outlook and its fourth quarter 2016 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 25, 2016, the Company will hold its previously announced conference call to discuss its third quarter 2016 results, its fiscal year 2016 financial outlook and its fourth quarter 2016 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 25, 2016
99.2	Supplemental materials, dated October 25, 2016

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

Executive Vice President and Chief Financial Officer

Date: October 25, 2016

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 25, 2016
99.2	Supplemental materials, dated October 25, 2016



October 25, 2016

NCR Announces Third Quarter 2016 Results

- **Q3 revenue and earnings better than expected led by accelerating revenue growth and an improved operating margin; Revenue up 4% as reported and up 10% excluding FX and the IPS divestiture**
- **Software revenue up 8%, driven by software license growth of 25% and cloud growth of 7%; Net annual contract value for cloud of \$15 million in Q3, a leading indicator of future cloud revenue, up from \$5 million in the prior year**
- **GAAP diluted EPS of \$0.69 in Q3 up from prior year Q3 of \$0.59, an increase of 17%; Non-GAAP diluted EPS of \$0.87 up from prior year Q3 of \$0.78, an increase of 14% constant currency**
- **Cash flow from operations of \$225 million, up 32%; Free cash flow of \$153 million, up 44%**
- **2016 full year revenue and non-GAAP earnings guidance raised and cash flow guidance reaffirmed**

DULUTH, Ga. - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended September 30, 2016. Third quarter 2016 revenue of \$1.68 billion was up 4% year-over-year. Excluding the impact of foreign currency and adjusted for the Interactive Printer Solutions (IPS) divestiture, third quarter 2016 revenue was up 10%. Third quarter 2016 GAAP diluted EPS of \$0.69 was up from \$0.59 in the third quarter in 2015. Third quarter 2016 diluted EPS (non-GAAP) of \$0.87 was up from \$0.78 in the third quarter in 2015. Third quarter 2016 diluted EPS included \$0.02 of negative impact relating to unfavorable foreign currency.

“Today we are increasing our full year 2016 revenue and non-GAAP earnings guidance due to accelerating revenue trends, ongoing improvement in execution, and the benefits of our global Omni-Channel leadership position,” said Chairman and CEO Bill Nuti. “We delivered an impressive third quarter that included top line growth across all our business segments as well as strong cash flow generation. Software revenue growth accelerated due to solid growth in cloud and software license. In our Services business, revenues continue to grow and we are hard at work executing efficiency programs that will drive improved customer success and margin performance over the long-term. Hardware had a terrific quarter as we began delivering our new ATM and Branch products, while store transformation momentum continued to drive self-checkout volumes. Overall, we enter the fourth quarter with confidence in our business, strategy, and market position.”

In this release, we use certain performance metrics as well as certain non-GAAP measures, including presenting certain measures on a constant currency and adjusted constant currency basis. The performance metrics include net annual contract value, and the non-GAAP measures include free cash flow and others with the words “non-GAAP” or “adjusted” in their titles. The performance metrics are listed and described, and the non-GAAP measures are listed, described and reconciled to their most directly comparable GAAP measures, under the heading “Performance Metrics and Non-GAAP Financial Measures” later in this release. Additionally, effective January 1, 2016, NCR began management of its business on a solution basis, changing from the previous model of management on a line of business basis, which resulted in a corresponding change to our reportable segments. Prior results have been recast under the new segment model for comparison purposes.

Third Quarter 2016 Operating Results

Revenue

Third quarter revenue of \$1.68 billion was up 4% year-over-year. On an adjusted constant currency basis, third quarter revenue was up 10%. Foreign currency fluctuations and the IPS divestiture had an unfavorable impact on the revenue comparison of zero and 6%, respectively. The following table shows the revenue by segment for the third quarter:

\$ in millions	Third Quarter			
	2016	2015	% Change	% Change Adjusted Constant Currency
Software License	\$ 90	\$ 72	25%	26%
Software Maintenance	92	86	7%	7%
Cloud	142	133	7%	6%
Professional Services	144	143	1%	—%
Software Revenue	\$ 468	\$ 434	8%	7%
Services Revenue	\$ 591	\$ 563	5%	6%
ATM	\$ 324	\$ 291	11%	11%
SCO	104	56	86%	86%
POS	185	183	1%	2%
IPS	5	86	(94%)	(14%)
Hardware Revenue	\$ 618	\$ 616	—%	16%
Total Revenue	\$ 1,677	\$ 1,613	4%	10%

Gross Margin

Third quarter gross margin of \$477 million increased 4% from \$457 million. Third quarter gross margin (non-GAAP) of \$491 million increased 4% from \$473 million. The improvements in gross margin were primarily driven by higher Software revenue and Services gross margin rate expansion.

Expenses

Third quarter operating expenses of \$288 million decreased from \$289 million. Third quarter operating expenses (non-GAAP) of \$261 million increased from \$259 million.

Operating Income

Third quarter operating income of \$189 million increased 13% from \$168 million. Third quarter operating income (non-GAAP) of \$230 million increased 7% from \$214 million.

Other (Expense)

Third quarter other (expense) and other (expense) (non-GAAP) were each \$49 million, or flat year-over-year.

Income Tax Expense

Third quarter income tax expense of \$31 million increased from \$16 million. Third quarter income tax expense (non-GAAP) of \$44 million increased from \$30 million. In the third quarter of 2015, income tax expense benefited from audit settlements in foreign jurisdictions.

Net Income from Continuing Operations Attributable to NCR

Third quarter net income from continuing operations attributable to NCR of \$107 million increased from \$102 million. Third quarter net income from continuing operations attributable to NCR (non-GAAP) of \$135 million increased from \$134 million.

Cash Flow

Third quarter cash provided by operating activities of \$225 million increased from \$170 million. Free cash flow was \$153 million in the third quarter of 2016 as compared to \$106 million in the third quarter of 2015. The increases were due to higher operating income and improved working capital.

2016 Outlook

We are increasing our 2016 revenue and non-GAAP earnings guidance. We now expect revenue to be \$6.47 billion to \$6.50 billion (previous guidance of \$6.325 billion to \$6.400 billion), due to higher expected revenue in all segments and a decrease in the expected negative impact of foreign currency on revenue from \$70 million to \$50 million.

We now expect GAAP diluted earnings per share to be \$2.25 to \$2.30 (previous guidance of \$2.25 to \$2.35) and non-GAAP diluted earnings per share to be \$2.97 to \$3.02 (previous guidance of \$2.90 to \$3.00). The expected negative impact of foreign currency on earnings per share remains unchanged at \$0.08. The operating income flow through on the higher revenue is partially offset by higher expenses in the fourth quarter of 2016. The expense increase is primarily due to lower employee related expenses in the prior year fourth quarter. For 2015, the actuarial mark-to-market pension adjustment is included in GAAP diluted earnings per share; however, 2016 guidance does not include actuarial mark-to-market pension adjustments, which will be determined in the fourth quarter of 2016.

We are reaffirming our free cash flow guidance. We continue to expect net cash provided by operating activities to be \$675 million to \$725 million and free cash flow to be \$425 million to \$475 million.

Fourth Quarter 2016 Outlook

For the fourth quarter of 2016, revenue is expected to be \$1.729 billion to \$1.759 billion, GAAP diluted earnings per share is expected to be \$0.87 to \$0.92, and non-GAAP diluted earnings per share is expected to be \$1.01 to \$1.06. The fourth quarter 2016 guidance includes an expected foreign currency benefit of \$5 million for revenue and no impact on earnings per share. For the fourth quarter of 2015, the actuarial mark-to-market pension adjustment is included in GAAP diluted earnings per share; however, the fourth quarter of 2016 guidance does not include actuarial mark-to-market pension adjustments, which will be determined in the fourth quarter of 2016.

NCR will provide additional information regarding its 2016 guidance during its third quarter earnings conference call and webcast.

2016 Third Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the third quarter 2016 results and guidance for fourth quarter and full-year 2016. Access to the conference call and accompanying slides, as well as a replay of the call, are available on NCR's web site at <http://investor.ncr.com/>. Additionally, the live call can be accessed by dialing 866-379-5914 and entering the participant passcode 95343549.

More information on NCR's Q3 2016 earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

About NCR Corporation

NCR Corporation (NYSE: NCR) is the global leader in omni-channel solutions, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables nearly 550

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 32,000 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. 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 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 reasons for increasing NCR’s full year 2016 revenue and earnings guidance, including with respect to accelerating revenue trends, ongoing improvement in execution and NCR’s Omni-Channel Software, Channel Transformation and Digital Enablement leadership; cost and efficiency improvements in NCR’s Services business and their expected benefits, including with respect to margin performance; trends in store automation and the self-checkout market and their effects on NCR’s Hardware business; NCR’s business momentum in the fourth quarter of 2016; NCR’s omni-channel strategy and its expected benefits; market and economic conditions affecting NCR and its business and NCR’s full-year and fourth quarter financial outlook (including the section entitled “2016 Outlook”) and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures. 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 and spending trends in the financial services industry, fluctuations in oil and commodity prices and their effects on local, regional and global market conditions, economic and market conditions in Russia, China and emerging markets, and the determination by Britain to exit the European Union and further potential changes in Eurozone participation; the impact of our indebtedness and its terms on our financial and operating activities; the impact of the terms of our strategic relationship with Blackstone and our Series A Convertible Preferred Stock; foreign currency fluctuations; 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; our ability to improve execution in our sales and services organizations; defects or errors in our products or problems with our hosting facilities; compliance with data privacy and protection requirements; manufacturing disruptions; collectability difficulties in subcontracting relationships in Emerging Industries; the historical seasonality of our sales; the availability and success of acquisitions, divestitures and alliances, including the divestiture of our Interactive Printer Solutions business; our pension strategy and underfunded pension obligation; the success of our ongoing restructuring plan; tax rates; 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.

Performance Metrics and Non-GAAP Financial Measures

Performance Metrics. The term “net annual contract value” or “net ACV” for any particular period means NCR’s net bookings for cloud revenue during the period, and is calculated as twelve months of expected subscription revenues under new cloud contracts during such period less twelve months of subscription revenues under cloud contracts that expired or were terminated during such period.

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.

Diluted EPS (non-GAAP), Gross Margin (non-GAAP), Operating Expenses (non-GAAP), Operating Income (non-GAAP), Other (Expense) (non-GAAP), Income Tax Expense (non-GAAP), and Net Income Attributable to Continuing Operations (non-GAAP). NCR’s diluted earnings per share (non-GAAP), gross margin (non-GAAP), operating expenses (non-GAAP), operating income (non-GAAP), other (expense) (non-GAAP), income tax expense (non-GAAP), and net income attributable to continuing operations (non-GAAP) are determined by excluding pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles, from NCR’s GAAP earnings per share, gross margin, expenses, income (loss) from operations, other (expense), income tax expense and net income attributable to continuing operations, respectively.

Due to the non-operational nature of these pension and other special items, NCR’s management uses these non-GAAP measures to evaluate year-over-year operating performance. NCR also uses operating income (non-GAAP) and diluted EPS (non-GAAP), 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 pension 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.

Constant Currency, IPS Divestiture and Adjusted Constant Currency. NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR's management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR's Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR's Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. NCR's management believes that presentation of financial measures without these results is more representative of the company's period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors.

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 most directly comparable GAAP measures in the tables below or, in the case of quarterly free cash flow, in the body of this release.

Reconciliation of Gross Margin (GAAP) to Gross Margin (non-GAAP)

\$ in millions	Q3 2016 Actual	Q3 2015 Actual
Gross Margin (GAAP)	\$ 477	\$ 457
Acquisition-related amortization of intangibles	14	15
Pension mark-to-market adjustments	—	1
Operating Gross Margin (Non-GAAP)	\$ 491	\$ 473

Reconciliation of Operating Expenses (GAAP) to Operating Expenses (non-GAAP)

\$ in millions	Q3 2016 Actual	Q3 2015 Actual
Operating Expenses (GAAP)	\$ 288	\$ 289
Restructuring/Transformation Costs	(8)	(12)
Acquisition-related amortization of intangibles	(17)	(16)
Acquisition-related costs	(2)	(2)
Operating Expenses (Non-GAAP)	\$ 261	\$ 259

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

\$ in millions	Q3 2016 Actual	Q3 2015 Actual
Income from Operations (GAAP)	\$ 189	\$ 168
Restructuring/Transformation Costs	8	12
Acquisition-related costs	2	2
Acquisition-related amortization of intangibles	31	31
Pension mark-to-market adjustments	—	1
Operating Income (Non-GAAP)	\$ 230	\$ 214

Reconciliation of Income Tax Expense (GAAP) to Income Tax Expense (non-GAAP)

\$ in millions	Q3 2016 Actual	Q3 2015 Actual
Income Tax Expense (GAAP)	\$ 31	\$ 16
Restructuring/Transformation Costs	1	4
Acquisition-related costs	1	—
Acquisition-related amortization of intangibles	11	10
Income Tax Expense (Non-GAAP)	\$ 44	\$ 30

Reconciliation of Net Income from Continuing Operations Attributable to NCR (GAAP) to Net Income from Continuing Operations Attributable to NCR (non-GAAP)

\$ in millions	Q3 2016 Actual	Q3 2015 Actual
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$ 107	\$ 102
Restructuring/Transformation Costs	7	8
Acquisition-related costs	1	2
Acquisition-related amortization of intangibles	20	21
Pension mark-to-market adjustments	—	1
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$ 135	\$ 134

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

	Q3 2016 Actual	Q3 2015 Actual	2016 Guidance ⁽²⁾	Q4 2016 Guidance ⁽²⁾
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ 0.69	\$ 0.59	\$2.25 - \$2.30	\$0.87 - \$0.92
Restructuring/Transformation Costs	0.05	0.05	0.14	0.01
Acquisition-related amortization of intangibles	0.12	0.12	0.53	0.13
Acquisition-related costs	0.01	0.01	0.02	—
Divestiture and liquidation losses	—	—	0.03	—
Pension mark-to-market adjustments	—	0.01	—	—
Non-GAAP Diluted Earnings Per Share (non-GAAP) ⁽¹⁾	\$ 0.87	\$ 0.78	\$2.97 - \$3.02	\$1.01 - \$1.06

⁽¹⁾ GAAP and non-GAAP diluted EPS are determined using the most dilutive measure, either including the impact of dividends on the Company's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

⁽²⁾ Except for the adjustments noted herein, this guidance does not include the effects of any future acquisitions/divestitures, restructuring activities, pension mark-to-market adjustments, taxes or other events, which are difficult to predict and which may or may not be significant. The diluted earnings per share (GAAP) guidance has been updated to include the expected impact of divestitures and liquidation losses.

Reconciliation of Net Cash Provided by Operating Activities (GAAP) to Free Cash Flow (non-GAAP)

\$ in millions	Q3 2016 Actual	Q3 2015 Actual	2016 Guidance
Net cash provided by operating activities	\$ 225	\$ 170	\$675 - \$725
Total capital expenditures	(62)	(54)	(220)
Net cash used in discontinued operations	(10)	(10)	(30)
Free cash flow	\$ 153	\$ 106	\$425 - \$475

**Reconciliation of Revenue Growth % (GAAP) to
Revenue Growth Adjusted Constant Currency % (non-GAAP)**

Three months ended September 30, 2016

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software License	25%	(1)%	—%	26%
Software Maintenance	7%	—%	—%	7%
Cloud	7%	1%	—%	6%
Professional Services	1%	1%	—%	—%
Software	8%	1%	—%	7%
Services	5%	(1)%	—%	6%
ATMs	11%	—%	—%	11%
SCO	86%	—%	—%	86%
POS	1%	(1)%	—%	2%
IPS	(94)%	—%	(80)%	(14)%
Hardware	—%	(1)%	(15)%	16%
Total Revenue	4%	—%	(6)%	10%

Nine months ended September 30, 2016

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	4%	—%	—%	4%
Services	5%	(2)%	—%	7%
Hardware	(5)%	(1)%	(7)%	3%
Total Revenue	1%	(1)%	(3)%	5%



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

Schedule A

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2016	2015	2016	2015
Revenue				
Products	\$ 708	\$ 688	\$ 1,932	\$ 1,995
Services	969	925	2,809	2,698
Total Revenue	1,677	1,613	4,741	4,693
Cost of products	528	512	1,487	1,539
Cost of services	672	644	1,951	2,161
Total gross margin	477	457	1,303	993
% of Revenue	28.4%	28.3%	27.5%	21.2 %
Selling, general and administrative expenses	225	224	678	788
Research and development expenses	56	53	159	175
Restructuring-related charges	7	12	13	33
Income (loss) from operations	189	168	453	(3)
% of Revenue	11.3%	10.4%	9.6%	(0.1)%
Interest expense	(41)	(42)	(130)	(131)
Other (expense), net	(8)	(7)	(33)	(14)
Total other (expense), net	(49)	(49)	(163)	(145)
Income (loss) before income taxes and discontinued operations	140	119	290	(148)
% of Revenue	8.3%	7.4%	6.1%	(3.2)%
Income tax expense	31	16	75	50
Income (loss) from continuing operations	109	103	215	(198)
Loss from discontinued operations, net of tax	(2)	(4)	(2)	(4)
Net income (loss)	107	99	213	(202)
Net income attributable to noncontrolling interests	2	1	—	4
Net income (loss) attributable to NCR	\$ 105	\$ 98	\$ 213	\$ (206)
Amounts attributable to NCR common stockholders:				
Income (loss) from continuing operations	\$ 107	\$ 102	\$ 215	\$ (202)
Dividends on convertible preferred stock	(13)	—	(37)	—
Income (loss) from continuing operations attributable to NCR common stockholders	94	102	178	(202)
Loss from discontinued operations, net of tax	(2)	(4)	(2)	(4)
Net income (loss) attributable to NCR common stockholders	\$ 92	\$ 98	\$ 176	\$ (206)
Net income (loss) per share attributable to NCR common stockholders:				
Net income (loss) per common share from continuing operations				
Basic	\$ 0.76	\$ 0.60	\$ 1.41	\$ (1.19)
Diluted	\$ 0.69	\$ 0.59	\$ 1.37	\$ (1.19)
Net income (loss) per common share				
Basic	\$ 0.74	\$ 0.58	\$ 1.40	\$ (1.22)
Diluted	\$ 0.68	\$ 0.57	\$ 1.36	\$ (1.22)
Weighted average common shares outstanding				
Basic	123.9	169.8	126.0	169.5
Diluted	155.4	172.3	156.8	169.5

⁽¹⁾ Diluted EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding.



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

Schedule B

	For the Periods Ended September 30							
	Three Months				Nine Months			
	2016	2015	% Change	% Change Adjusted Constant Currency	2016	2015	% Change	% Change Adjusted Constant Currency
Revenue by segment								
Software	\$ 468	\$ 434	8%	7%	\$ 1,339	\$ 1,288	4%	4%
<i>Software Gross Margin Rate</i>	51.1%	51.8%			51.0%	51.4%		
Services	591	563	5%	6%	1,708	1,628	5%	7%
<i>Services Gross Margin Rate</i>	21.8%	21.7%			21.3%	21.4%		
Hardware	618	616	—%	16%	1,694	1,777	(5)%	3%
<i>Hardware Gross Margin Rate</i>	19.9%	20.5%			18.0%	18.8%		
Total Revenue	\$ 1,677	\$ 1,613	4%	10%	\$ 4,741	\$ 4,693	1%	5%
Gross Margin Rate	29.3%	29.3%			28.5%	28.7%		
Operating income by segment								
Software	\$ 146	\$ 135			\$ 405	\$ 382		
<i>% of Revenue</i>	31.2%	31.1%			30.2%	29.7%		
Services	56	49			139	133		
<i>% of Revenue</i>	9.5%	8.7%			8.1%	8.2%		
Hardware	28	30			32	45		
<i>% of Revenue</i>	4.5%	4.9%			1.9%	2.5%		
Subtotal-segment operating income	\$ 230	\$ 214			\$ 576	\$ 560		
<i>% of Revenue</i>	13.7%	13.3%			12.1%	11.9%		
Other adjustments ⁽¹⁾	41	46			123	563		
Total income (loss) from operations	\$ 189	\$ 168			\$ 453	\$ (3)		

⁽¹⁾ The following table presents the other adjustments for NCR:

In millions	For the Periods Ended September 30			
	Three Months		Nine Months	
	2016	2015	2016	2015
Restructuring / transformation costs	\$ 8	\$ 12	\$ 23	\$ 36
Acquisition-related amortization of intangible assets	31	31	95	94
Acquisition-related costs	2	2	5	7
OFAC and FCPA investigations	—	—	—	1
Pension mark-to-market adjustments	—	1	—	425
Total other adjustments	\$ 41	\$ 46	\$ 123	\$ 563



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

Schedule C

	September 30, 2016	June 30, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	\$ 318	\$ 332	\$ 328
Accounts receivable, net	1,387	1,362	1,251
Inventories	776	765	643
Other current assets	270	294	327
Total current assets	2,751	2,753	2,549
Property, plant and equipment, net	289	290	322
Goodwill	2,737	2,736	2,733
Intangibles, net	704	734	798
Prepaid pension cost	132	130	130
Deferred income taxes	546	564	582
Other assets	552	544	521
Total assets	\$ 7,711	\$ 7,751	\$ 7,635
Liabilities and stockholders' equity			
Current liabilities			
Short-term borrowings	\$ 256	\$ 259	\$ 13
Accounts payable	718	676	657
Payroll and benefits liabilities	212	191	189
Deferred service revenue and customer deposits	471	535	476
Other current liabilities	345	356	446
Total current liabilities	2,002	2,017	1,781
Long-term debt	3,033	3,198	3,239
Pension and indemnity plan liabilities	709	702	696
Postretirement and postemployment benefits liabilities	127	128	133
Income tax accruals	169	174	167
Other liabilities	151	141	79
Total liabilities	6,191	6,360	6,095
Redeemable noncontrolling interests	10	9	16
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.9 shares issued and outstanding as of September 30, 2016 and 0.8 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	835	822	798
Stockholders' equity			
NCR stockholders' equity:			
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of September 30, 2016, June 30, 2016 and December 31, 2015, respectively	—	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 124.0, 123.8 and 133.0 shares issued and outstanding as of September 30, 2016, June 30, 2016 and December 31, 2015, respectively	1	1	1
Paid-in capital	21	—	—
Retained earnings	822	730	869
Accumulated other comprehensive loss	(172)	(176)	(150)
Total NCR stockholders' equity	672	555	720
Noncontrolling interests in subsidiaries	3	5	6
Total stockholders' equity	675	560	726
Total liabilities and stockholders' equity	\$ 7,711	\$ 7,751	\$ 7,635



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

Schedule D

	For the Periods Ended September 30			
	Three Months		Nine Months	
	2016	2015	2016	2015
Operating activities				
Net income (loss)	107	\$ 99	\$ 213	\$ (202)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Loss from discontinued operations	2	4	2	4
Depreciation and amortization	84	77	259	229
Stock-based compensation expense	16	12	45	32
Deferred income taxes	19	11	39	26
Gain on sale of property, plant and equipment and other assets	—	—	—	(1)
Loss on divestiture	—	—	1	—
Impairment of long-lived and other assets	—	—	2	16
Changes in assets and liabilities:				
Receivables	(17)	(29)	(138)	(80)
Inventories	(5)	(32)	(128)	(86)
Current payables and accrued expenses	64	42	68	17
Deferred service revenue and customer deposits	(53)	(17)	78	72
Employee benefit plans	(12)	(19)	(38)	367
Other assets and liabilities	20	22	(34)	22
Net cash provided by operating activities	225	170	369	416
Investing activities				
Expenditures for property, plant and equipment	(21)	(16)	(45)	(47)
Additions to capitalized software	(41)	(38)	(115)	(117)
Proceeds from divestiture	—	—	47	—
Other investing activities, net	—	3	(8)	—
Net cash used in investing activities	(62)	(51)	(121)	(164)
Financing activities				
Short term borrowings, net	(3)	(28)	(2)	—
Payments on term credit facilities	(11)	(196)	(84)	(312)
Payments on revolving credit facilities	(305)	(369)	(736)	(977)
Borrowings on revolving credit facilities	150	369	856	881
Debt issuance costs	—	—	(8)	—
Repurchases of Company common stock	—	—	(250)	—
Proceeds from employee stock plans	4	1	10	12
Tax withholding payments on behalf of employees	—	—	(7)	(10)
Other financing activities	(2)	—	(2)	—
Net cash used in financing activities	(167)	(223)	(223)	(406)
Cash flows from discontinued operations				
Net cash used in discontinued operations	(10)	(10)	(30)	(27)
Effect of exchange rate changes on cash and cash equivalents	—	(8)	(5)	(27)
Decrease in cash and cash equivalents	(14)	(122)	(10)	(208)
Cash and cash equivalents at beginning of period	332	425	328	511
Cash and cash equivalents at end of period	\$ 318	\$ 303	\$ 318	\$ 303



Q3 2016 EARNINGS CONFERENCE CALL

BILL NUTI, CHAIRMAN & CEO
MARK BENJAMIN, PRESIDENT & COO
BOB FISHMAN, CFO
PAUL LANGENBAHN, SVP & PRESIDENT, HOSPITALITY

October 25, 2016

NOTES TO INVESTORS

FORWARD-LOOKING STATEMENTS. Comments made during this conference call and in these materials contain forward-looking statements. Statements that describe or relate to NCR's 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 NCR's accelerating revenue trends and the drivers of those trends; the momentum of, and demand for, NCR's Omni-Channel Software, Channel Transformation and Digital Enablement offerings and omni-channel solutions; NCR's expected revenue, non-GAAP operating income, non-GAAP earnings per share and free cash flow trending for 2016; improving execution; NCR's vision and strategy and its alignment with major trends and customer activity; the potential benefits of NCR's backlog and key metrics on NCR's 2016 financial performance; NCR's areas of focus in the fourth quarter and their potential effects on 2017; expectations for margin expansion and the drivers of margin expansion; and NCR's Q4 2016, FY 2016 and 2016 segment revenue financial guidance and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures. 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 filed with the Securities and Exchange Commission (SEC) on February 26, 2016, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated October 25, 2016, 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: operating income (non-GAAP), non-GAAP diluted earnings per share (non-GAAP diluted EPS), free cash flow (FCF), gross margin (non-GAAP), gross margin rate (non-GAAP), operating expenses (non-GAAP), interest and other expense, net (non-GAAP), net debt, adjusted EBITDA, income tax expense (non-GAAP), net income (non-GAAP) and selected measures expressed on a constant currency basis and adjusted constant currency basis. 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, (i) the term "recurring revenue" means the sum of cloud, hardware maintenance and software maintenance revenue, (ii) The term "net annual contract value" or "net ACV" for any particular period means NCR's net bookings for cloud revenue during the period, and is calculated as twelve months of expected subscription revenues under new cloud contracts during such period less twelve months of subscription revenues under cloud contracts that expired or were terminated during such period, and (iii) the term "CC" means constant currency.



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

Q3 UPDATE

Q3 **EXCEEDS** expectations on improving execution

ACCELERATING revenue trends driven by strong growth in Software, Services and Hardware

Operating margin **EXPANSION** led by Software growth and productivity gains, including Services margin rate expansion

OMNI-CHANNEL SOFTWARE, CHANNEL TRANSFORMATION, & DIGITAL ENABLEMENT
continued momentum

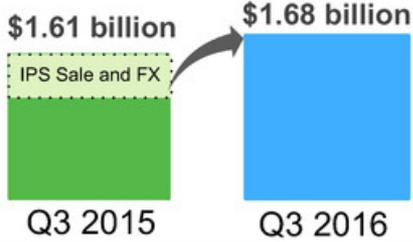
RAISING 2016 revenue and non-GAAP earnings guidance &

REAFFIRMING 2016 cash flow guidance



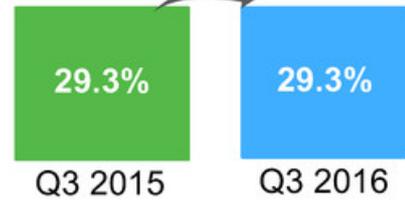
Q3 2016 FINANCIAL RESULTS

Revenue



FX ~(\$5M)
IPS Sale (\$79M)

Non-GAAP Gross Margin Rate

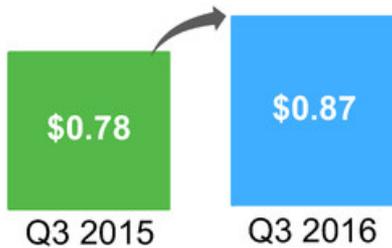


FX
~(20 bps)

Revenue up 10% adjusted CC
Recurring revenue up 4% CC, 42% of total revenue

Non-GAAP gross margin rate up 20 bps CC

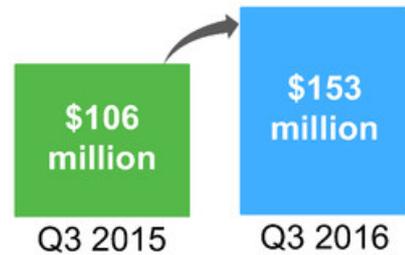
Non-GAAP EPS



FX
~(\$0.02)

Non-GAAP EPS up 14% CC

Free Cash Flow



FCF up 44% due to improved cash from operations

Q3 OPERATIONAL RESULTS

	Q3 2016	Q3 2015	As Reported	Constant Currency
Revenue	\$1,677	\$1,613	4%	10% ⁽¹⁾
Gross Margin (non-GAAP)	491	473	4%	5%
Gross Margin Rate (non-GAAP)	29.3%	29.3%	— bps	+20 bps
Operating Expenses (non-GAAP)	261	259	1%	2%
% of Revenue	15.6%	16.1%		
Operating Income (non-GAAP)	230	214	7%	10%
% of Revenue	13.7%	13.3%	+40 bps	+60 bps
Interest and other expense	(49)	(49)	—%	(2)%
Income Tax Expense (non-GAAP)	44	30	47%	
Income Tax Rate	24%	18%		
Net Income (non-GAAP)	\$135	\$134	1%	4%
Diluted EPS (non-GAAP) ⁽²⁾	\$0.87	\$0.78	12%	14%

⁽¹⁾ Adjusted CC revenue growth excludes \$79 million of IPS revenue, or roughly 6%, from Q3 2015.

\$ millions, except per share amounts

⁽²⁾ Q3 2016 includes \$0.02 of unfavorable EPS impact related to unfavorable foreign currency headwinds. Diluted share count of 155 million in Q3 2016 and 172 million in Q3 2015.



Q3 GAAP RESULTS

	Q3 2016	Q3 2015	% Change
Revenue	\$1,677	\$1,613	4%
Gross Margin	477	457	4%
Gross Margin Rate	28.4%	28.3%	
Operating Expenses	288	289	—%
% of Revenue	17.2%	17.9%	
Income from Operations	189	168	13%
% of Revenue	11.3%	10.4%	
Interest and other expense	(49)	(49)	—%
Income Tax Expense	31	16	94%
Income Tax Rate	22%	13%	
GAAP Net Income	\$107	\$102	5%
GAAP Diluted EPS ⁽¹⁾	\$0.69	\$0.59	17%

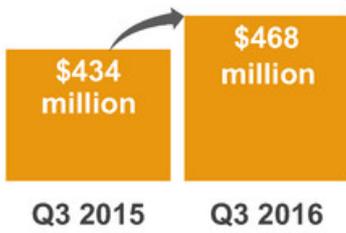
\$ millions, except per share amounts

⁽¹⁾ Q3 2016 includes \$0.02 of unfavorable EPS impact related to unfavorable foreign currency headwinds.



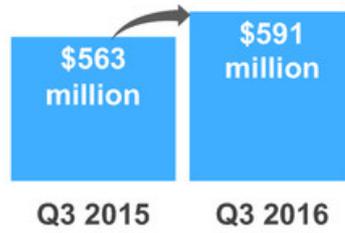
Q3 SEGMENT RESULTS

Software Revenue



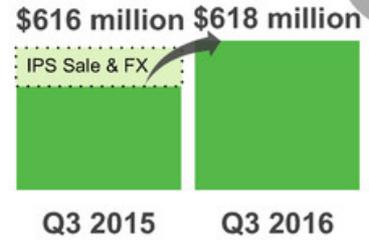
Up 7%
CC

Services Revenue



Up 6%
CC

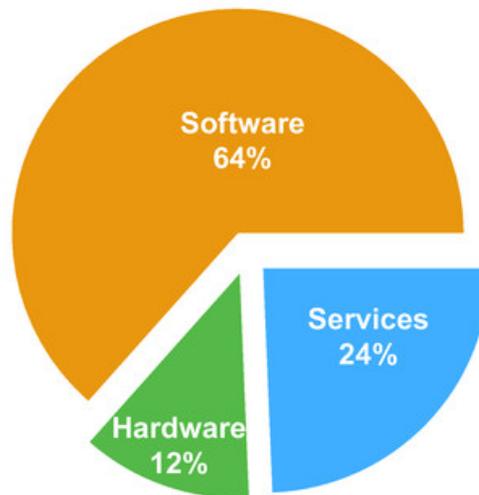
Hardware Revenue



Up 16%
adjusted
CC ⁽¹⁾

Q3 2016 Operating Income \$230M

- Software - 51.1% GM rate
- Services - 21.8% GM rate
- Hardware - 19.9% GM rate



⁽¹⁾ Adjusted CC revenue growth excludes \$79 million of IPS revenue from Q3 2015.

Q3 REVENUE BY REGION

	Q3 2016	Q3 2015	% Change	% Change Adjusted CC
Americas	\$986	\$899	10%	15%
Europe, Middle East Africa	464	489	(5)%	6%
Asia Pacific	227	225	1%	(2)%
Total Revenue	\$1,677	\$1,613	4%	10%

\$ in millions

FREE CASH FLOW

	QTD		YTD		FY 2016e	FY 2015
	Q3 2016	Q3 2015	Q3 2016	Q3 2015		
Cash Provided by Operating Activities	\$225	\$170	\$369	\$416	\$675 - \$725	\$681
Net capital expenditures	(62)	(54)	(160)	(164)	(220)	(229)
Cash used in Discontinued Operations	(10)	(10)	(30)	(27)	(30)	(43)
Free Cash Flow	\$153	\$106	\$179	\$225	\$425 - \$475	\$409
Free Cash Flow as a % of non-GAAP net income					~95%	85%

\$ in millions



NET DEBT & EBITDA METRICS

	FY 2015	Q2 2016	Q3 2016
Debt	\$3,252	\$3,457	\$3,289
Cash	(328)	(332)	(318)
Net Debt	\$2,924	\$3,125	\$2,971
Adjusted EBITDA	\$1,005	\$1,020 ⁽¹⁾	\$1,047 ⁽¹⁾
Net Debt / Adjusted EBITDA	2.9x	3.1x	2.8x

\$ in millions, except metrics

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

Significant de-leveraging in Q3 2016 due to higher free cash flow

Q4 2016 GUIDANCE

\$ millions, except per share amounts	Q4 2016e	Q4 2015
Revenue ⁽¹⁾	\$1,729 - \$1,759	\$1,680
Diluted EPS (GAAP) ⁽²⁾	\$0.87 - \$0.92	\$0.27
Diluted EPS (non-GAAP) ^{(3) (4)}	\$1.01 - \$1.06	\$0.89

⁽¹⁾ Revenue is expected to be up approximately 3% to 5% as reported and 8% to 10% adjusted CC. The fourth quarter 2016 guidance includes an expected foreign currency benefit of \$5 million, or roughly 0%. Adjusted CC revenue growth excludes ~\$80 million of IPS revenue, or roughly 5%, from Q4 2015.

⁽²⁾ Q4 2016 guidance does not include an estimate of the pension mark-to-market adjustments.

⁽³⁾ For Q4 2016, we expect non-GAAP EPS to be up 13% to 19% with no expected impact from foreign currency.

⁽⁴⁾ For Q4 2016, we have assumed OIE of approximately \$50 million, an effective tax rate of 22% and a share count of 157 million compared to OIE of \$51 million, an effective tax rate of 25% and a share count of 175 million in Q4 2015.

FY 2016 GUIDANCE

	2016 Guidance	2016 Previous Guidance	2015
Revenue ⁽¹⁾	\$6,470 - \$6,500	\$6,325 - \$6,400	\$6,373
Diluted EPS (GAAP) ⁽²⁾	\$2.25 - \$2.30	\$2.25 - \$2.35	(\$0.94)
Diluted EPS (non-GAAP) ^{(3) (4)}	\$2.97 - \$3.02	\$2.90 - \$3.00	\$2.76
Free Cash Flow	\$425 - \$475	\$425 - \$475	\$409

\$ in millions, except per share amounts

⁽¹⁾ Revenue is expected to be up 1% to 2% as reported and up 5% to 6% adjusted CC. The 2016 guidance now includes an expected foreign currency negative impact of \$50 million for revenue, down from previous guidance of \$70 million, or ~1%. Adjusted CC revenue growth excludes ~\$190 million of IPS revenue, or ~3%, from 2015.

⁽²⁾ FY 2016 guidance does not include an estimate of the pension mark-to-market adjustments.

⁽³⁾ For the 2016 guidance, we expect non-GAAP diluted EPS to be up 7% to 9%. On a constant currency basis, non-GAAP diluted EPS is expected to be up 11% to 13% driven by \$0.08 of negative impact from unfavorable foreign currency headwinds. Ongoing pension expense was an additional \$0.05 of headwind.

⁽⁴⁾ For the 2016 guidance, we have assumed OIE of \$205 million to \$210 million, an effective tax rate of 25% and a share count of 157 million compared to OIE of \$196 million, an effective tax rate of 23% and a share count of 172 million in 2015.



2016 SEGMENT REVENUE GUIDANCE

Segment	2016e CC Growth ⁽¹⁾	FY 2016 Guidance	Prior FY 2016 Guidance	FY 2015
Software	4 - 5%	\$1,825 - \$1,835	\$1,800 - \$1,825	\$1,747
Services	4- 5%	\$2,285 - \$2,295	\$2,240 - \$2,270	2,218
Hardware ⁽²⁾	7 - 8%	\$2,360 - \$2,370	\$2,285 - \$2,305	2,408
Total ^{(1) (2)}	5 - 6%	\$6,470 - \$6,500	\$6,325 - \$6,400	\$6,373

\$ in millions

⁽¹⁾ The 2016 guidance now includes an expected foreign currency negative impact of \$50 million for revenue, down from previous guidance of \$70 million, or ~1%.

⁽²⁾ The growth rates for Hardware revenue and total revenue are normalized for the sale of the IPS business, which was ~\$190 million of Hardware revenue in 2015.



REVENUE, OI, EPS AND FCF TRENDING

	Q3 YTD		Fourth Quarter	
	\$	% of Total	\$	% of Total
Revenue				
2016 Guidance (mid-point)	\$4,741	73%	\$1,744	27%
Last 3 years	\$4,656	73%	\$1,706	27%
Last year	\$4,693	74%	\$1,680	26%
Operating Income (non-GAAP)				
2016 Guidance (mid-point)	\$576	69%	\$259	31%
Last 3 years	\$542	69%	\$244	31%
Last year	\$560	68%	\$260	32%
Diluted EPS (non-GAAP)				
2016 Guidance (mid-point)	\$1.96	65%	\$1.04	35%
Last 3 years	\$1.90	69%	\$0.86	31%
Last year	\$1.86	68%	\$0.89	32%
Free cash flow (non-GAAP)				
2016 Guidance (mid-point)	\$179	40%	\$271	60%
Last 3 years	\$66	21%	\$243	79%
Last year	\$225	55%	\$184	45%

\$ in millions, except per share amounts

OMNI-CHANNEL MARKET

NCR's strategic offers include:

Omni Channel Software

- NCR's Omni-Channel Platform Hub and Applications
- Enables seamless consumer experiences across physical and digital channels
- Solutions Include: Retail One, Customer Experience Platform (CxP), Aloha Enterprise, NCR Silver

Channel Transformation

- Enables revenue growth, productivity gains, and modernized consumer experiences from the transformation of physical and digital channels
- Solutions include: Branch, Store, Restaurant, and Venue Transformation
- Drives edge offerings: ATMs, SCO, mPOS, ePOS, Peripherals
- Drives service offerings: Consulting Services, Implementation Services, Hardware Maintenance, Managed Services, High Availability

Digital Enablement

- Enables new business models driven by the growing digitalization movement
- Solutions include: Real-Time Actionable Insights, Loyalty, Cloud/ATM Security, Loss & Fraud Prevention, Inventory and Labor Management, Cash Management, Secure Payments, Transaction Processing, Remote Deposit, Digital Check Processing

SOFTWARE

Q3 2016 Update



Financial Results

	Q3 2016	Q3 2015	% Change	% Change Constant Currency
Software License	\$90	\$72	25%	26%
<i>Unattached License</i>	49	39	26%	26%
Software Maintenance	92	86	7%	7%
Cloud	142	133	7%	6%
Professional Services	144	143	1%	—%
Software Revenue	\$468	\$434	8%	7%
Non-GAAP Gross Margin	\$239	\$225	6%	6%
Non-GAAP Gross Margin Rate	51.1%	51.8%	(70) bps	(40) bps
Operating Income	\$146	\$135	8%	8%
Operating Income as a % of Revenue	31.2%	31.1%	+10 bps	+20 bps

\$ in millions



Key Metrics

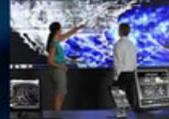
- Revenue up 8% as reported and up 7% CC
 - Software License revenue up 26% CC; unattached license up 26% driven primarily by store transformation; attached license up 24% contributing to higher ATM and SCO revenue
 - Software Maintenance revenue up 7% due to Software License revenue growth in prior periods
 - Cloud revenue up 6% CC driven by prior period bookings in the financial services and hospitality industries
 - Professional Services revenue was flat CC due to timing of project rollouts, with strong backlog entering Q4
- Net ACV (Annual Contract Value) of \$15M indicates strong cloud growth in future periods, YTD Net ACV of \$54M compared to Q3 2015 YTD net ACV of \$25M
- Operating income up \$11 million driven by higher revenue

Business Highlights

- Continued momentum in omni-channel wins, including International Bank of Commerce and completed rollout of Papa Murphy's
- Digital Enablement and Channel Transformation continue to drive Cloud growth
 - 86% growth in NCR Silver subscriber base
 - 35% increase in NCR Secure Payments volume
 - 9% growth in Digital Insight users
 - 21% increase in Mobile Ordering platform sites and transactions up 190% y/y
- NCR announced next generation consulting services to advance our leadership in channel transformation and address the growth in digital enablement needs of our customers

SERVICES

Q3 2016 Update



Financial Results

	Q3 2016	Q3 2015	% Change	% Change Constant Currency
Services Revenue	\$591	\$563	5%	6%
Non-GAAP Gross Margin	\$129	\$122	6%	6%
Non-GAAP Gross Margin Rate	21.8%	21.7%	+10 bps	— bps
Operating Income	\$56	\$49	14%	13%
Operating Income as a % of Revenue	9.5%	8.7%	+80 bps	+60 bps

\$ in millions

Key Metrics

- Revenue up 5% as reported and up 6% CC
 - Strong growth in implementation services, hardware maintenance and managed services
- Operating income up \$7M due to higher revenue, operating leverage and improved productivity and efficiency

Business Highlights

- Channel Transformation success driving hardware maintenance wins, such as Santander, as well as implementation services growth across the industries like Domino's Pizza in Japan
- Expanding higher value managed service offerings in adjacent services such as software distribution, endpoint security and cash management
- Driving increased availability and efficiency for CFI customers through managed services
- Business process improvements favorably impacting productivity, including Big Data analytics, predictive monitoring and customer onboarding. IoT based managed service solution enabled a ~25% reduction in time it took to onboard recent CFIs
- Services file value up year-over-year



HARDWARE

Q3 2016 Update



Financial Results

	Q3 2016	Q3 2015	% Change	% Change Constant Currency ⁽¹⁾
ATMs	\$324	\$291	11%	11%
Self-Checkout (SCO)	104	56	86%	86%
Point-of-Sale (POS)	185	183	1%	2%
Interactive Printer Solutions (IPS)	5	86	(94)%	(14)%
Hardware Revenue	\$618	\$616	—%	16%
Non-GAAP Gross Margin	\$123	\$126	(2)%	3%
Non-GAAP Gross Margin Rate	19.9%	20.5%	(60) bps	+30 bps
Operating Income	\$28	\$30	(7)%	10%
Operating Income as a % of Revenue	4.5%	4.9%	(40) bps	+40 bps

⁽¹⁾ Revenue adjusted for the divestiture of IPS.



\$ in millions

Key Metrics

- Revenue was slightly up as reported and up 16% adjusted CC driven by continued momentum in Channel Transformation
 - ATM revenue up 11% CC driven by new product introduction and acceptance of omni-channel ready products
 - SCO revenue up significantly due to Store Transformation traction globally
 - POS revenue growth higher due to new product introductions and replacement cycle
- Operating income down \$2M but up 10% on a constant currency basis

Business Highlights

- Channel Transformation driving strategic wins in the quarter including Coles Supermarkets and State Bank of India
- SCO order volumes continue to accelerate driven by Store Transformation in existing customers and new customers globally along with higher lane density within the stores
- New POS hardware portfolio ramping faster than expected driven by replacement cycles and new customer installations showing continued demand for enterprise hardened POS hardware
- Increasing year over year demand for mobile POS hardware due to our new Orderman 7 device
- NCR holds #1 position in ePOS for North America for the 2nd consecutive year

Q3 SUMMARY

- Continuing to improve execution

- NCR's vision and strategy aligned with major trends and customer activity

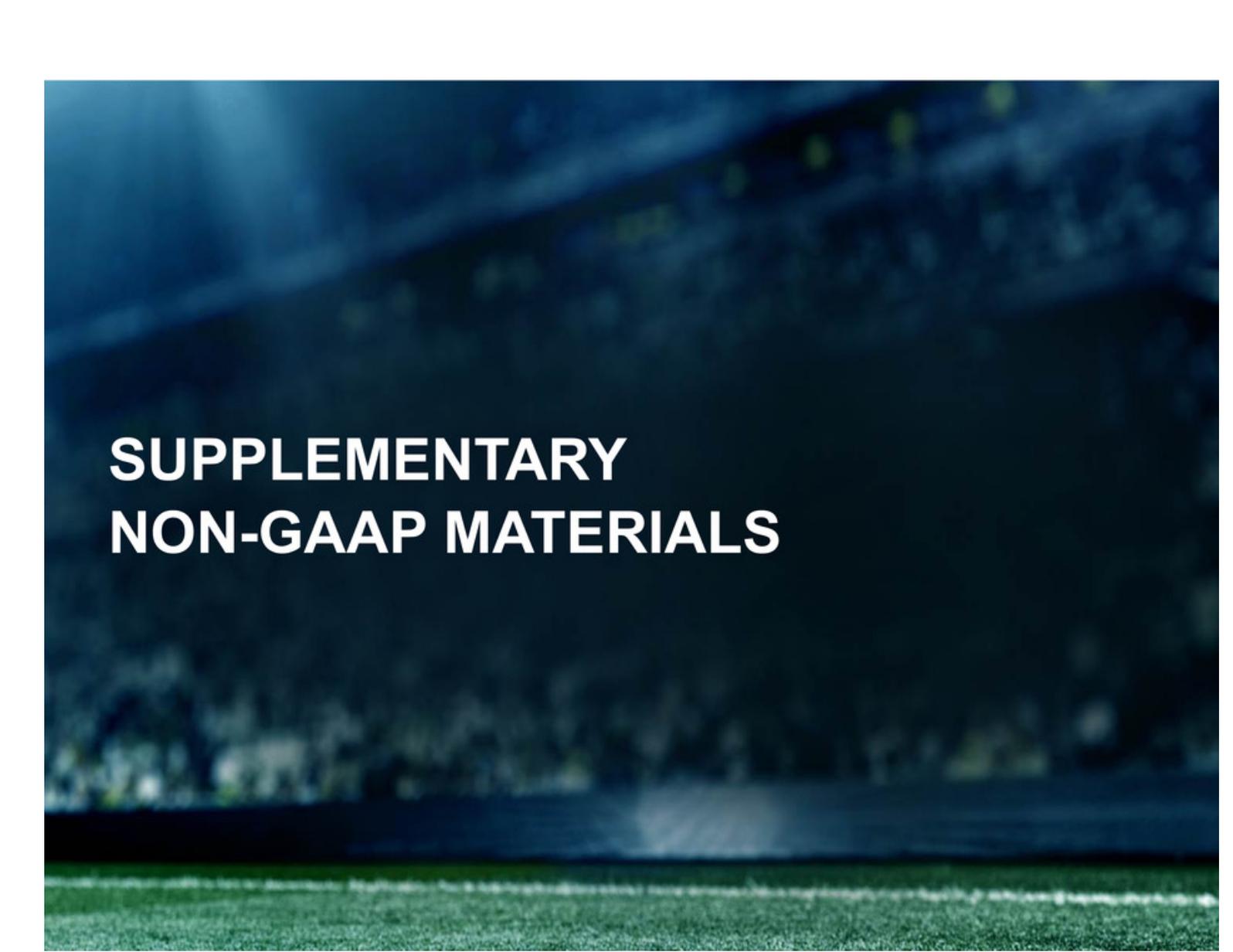
- Strong backlog and key metrics point to a successful year; *raising revenue and non-GAAP EPS guidance & reaffirming cash flow guidance*

- Focused on sales funnel, orders, and revenue growth in Q4 to maintain momentum going into 2017

- Software growth combined with our business transformation program is the key to margin expansion

- Omni-Channel, Channel Transformation, and Digital Enablement are growth drivers for next decade





**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.

Operating Income (non-GAAP), Diluted EPS (non-GAAP), Gross Margin (non-GAAP), Gross Margin Rate (non-GAAP), Operating Expenses (non-GAAP), Income Tax Expense (non-GAAP) and Net Income (non-GAAP). NCR's operating income (non-GAAP), diluted earnings per share (non-GAAP), gross margin (non-GAAP), gross margin rate (non-GAAP), operating expenses (non-GAAP), interest and other expense (non-GAAP), income tax expense (non-GAAP) and net income (non-GAAP) are determined by excluding pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles, from NCR's GAAP income (loss) from operations, earnings per share, gross margin, gross margin rate, expenses, interest and other expense, effective tax rate and net income, respectively.

Due to the non-operational nature of these pension and other special items, NCR's management uses these non-GAAP measures to evaluate year-over-year operating performance. NCR uses operating income (non-GAAP) 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. 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 pension 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 (FCF) does not have a uniform definition under GAAP and, therefore, NCR's definition may differ from other companies' definition of this measure.

Constant Currency, IPS Divestiture and Adjusted Constant Currency. NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR's management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR's Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR's Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. NCR's management believes that presentation of financial measures without these results is more representative of the company's period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors.

NON-GAAP MEASURES

Net Debt and Adjusted EBITDA. NCR believes that Net Debt provides useful information to investors because NCR's management reviews Net Debt as part of its management of overall liquidity, financial flexibility, capital structure and leverage. In addition, certain debt rating agencies, creditors and credit analysts monitor NCR's Net Debt as part of their assessments of NCR's business. NCR determines Net Debt based on its total debt less cash and cash equivalents, with total debt being defined as total short-term borrowings plus total long-term debt.

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. 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.

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. In addition, the Net Debt to Adjusted EBITDA ratio is measures frequently used by investors and credit rating agencies. The Net Debt to Adjusted EBITDA ratio is calculated by dividing Net Debt by trailing twelve-month Adjusted EBITDA.

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 and elsewhere in these materials. 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

Net Income from Continuing Operations Attributable to NCR (GAAP) to Adjusted EBITDA (non-GAAP)

in millions	2015	Q2 2016 LTM	Q3 2016 LTM
Net Income from Continuing Operations Attributable to NCR (GAAP)	(\$154)	\$258	\$263
Pension Mark-to-Market Adjustments	454	30	29
Restructuring/Transformation Costs	74	65	61
Acquisition-Related Amortization of Intangibles	125	126	126
Acquisition-Related Purchase Price Adjustment	—	—	—
Acquisition-Related Costs	11	9	9
Reserve related to a subcontract in MEA	20	20	20
Divestiture and Liquidation Losses	34	39	39
OFAC and FCPA Investigations ⁽¹⁾	1	—	—
Net Income from Continuing Operations Attributable to Noncontrolling Interests	4	(1)	—
Interest Expense	173	173	172
Interest Income	(5)	(5)	(5)
Depreciation and Amortization	171	190	198
Income Taxes	55	65	80
Stock Compensation Expense	42	51	55
Adjusted EBITDA (non-GAAP)	\$1,005	\$1,020	\$1,047

⁽¹⁾ Estimated expenses for 2016 will be affected by, among other things, the status and progress of the OFAC matter. There can be no assurance that the Company will not be subject to fines or other remedial measures as a result of OFAC's investigation.



GAAP TO NON-GAAP RECONCILIATION

Q3 2016 QTD

in millions (except per share amounts)	Q3 QTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q3 QTD 2016 non-GAAP
Product revenue	\$708	\$—	\$—	\$—	\$708
Service revenue	969	—	—	—	969
Total revenue	1,677	—	—	—	1,677
Cost of products	528	—	(8)	—	520
Cost of services	672	—	(6)	—	666
Gross margin	477	—	14	—	491
Gross margin rate	28.4%	—%	0.9%	—%	29.3%
Selling, general and administrative expenses	225	(1)	(17)	(2)	205
Research and development expenses	56	—	—	—	56
Restructuring-related charges	7	(7)	—	—	—
Total expenses	288	(8)	(17)	(2)	261
<i>Total expense as a % of revenue</i>	<i>17.2%</i>	<i>(0.5)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>15.6%</i>
Income (loss) from operations	189	8	31	2	230
<i>Income (loss) from operations as a % of revenue</i>	<i>11.3%</i>	<i>0.5%</i>	<i>1.8%</i>	<i>0.1%</i>	<i>13.7%</i>
Interest and Other (expense) income, net	(49)	—	—	—	(49)
Income (loss) from continuing operations before income taxes	140	8	31	2	181
Income tax expense (benefit)	31	1	11	1	44
<i>Effective tax rate</i>	<i>22%</i>				<i>24%</i>
Income (loss) from continuing operations	109	7	20	1	137
Net income (loss) attributable to noncontrolling interests	2	—	—	—	2
Income (loss) from continuing operations (attributable to NCR)	\$107	\$7	\$20	\$1	\$135
Diluted earnings per share	\$0.69	\$0.05	\$0.12	\$0.01	\$0.87

GAAP TO NON-GAAP RECONCILIATION

Q3 2016 QTD

	Q3 QTD 2016 GAAP	Q3 QTD 2016 non-GAAP
in millions (except per share amounts)		
Income (loss) from continuing operations attributable to NCR common stockholders:		
Income (loss) from continuing operations (attributable to NCR)	\$107	\$135
Dividends on convertible preferred shares	—	—
Income (loss) from continuing operations attributable to NCR common stockholders	\$107	\$135
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	127.0	127.0
Weighted as-if converted preferred shares	28.4	28.4
Total shares used in diluted earnings per share	155.4	155.4
Diluted earnings per share ⁽¹⁾	\$0.69	\$0.87

⁽¹⁾ GAAP and non-GAAP diluted EPS are determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.



GAAP TO NON-GAAP RECONCILIATION

Q3 2015 QTD

in millions (except per share amounts)	Q3 QTD 2015 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Pension mark-to- market adjustments	Q3 QTD 2015 non-GAAP
Product revenue	\$688	\$—	\$—	\$—	\$—	\$688
Service revenue	925	—	—	—	—	925
Total revenue	1,613	—	—	—	—	1,613
Cost of products	512	—	(9)	—	—	503
Cost of services	644	—	(6)	—	(1)	637
Gross margin	457	—	15	—	1	473
Gross margin rate	28.3%	—%	0.9%	—%	0.1%	29.3%
Selling, general and administrative expenses	224	—	(16)	(2)	—	206
Research and development expenses	53	—	—	—	—	53
Restructuring-related charges	12	(12)	—	—	—	—
Total expenses	289	(12)	(16)	(2)	—	259
Total expense as a % of revenue	17.9%	(0.7)%	(1.0)%	(0.1)%	—%	16.1%
Income (loss) from operations	168	12	31	2	1	214
Income (loss) from operations as a % of revenue	10.4%	0.7%	2.0%	0.1%	0.1%	13.3%
Interest and Other (expense) income, net	(49)	—	—	—	—	(49)
Income (loss) from continuing operations before income taxes	119	12	31	2	1	165
Income tax expense (benefit)	16	4	10	—	—	30
Effective tax rate	13%					18%
Income (loss) from continuing operations	103	8	21	2	1	135
Net income (loss) attributable to noncontrolling interests	1	—	—	—	—	1
Income (loss) from continuing operations (attributable to NCR)	\$102	\$8	\$21	\$2	\$1	\$134
Diluted earnings per share	\$0.59	\$0.05	\$0.12	\$0.01	\$0.01	\$0.78
Diluted shares outstanding	172.3					172.3

GAAP TO NON-GAAP RECONCILIATION

Q3 2016 YTD

	Q3 YTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Divestiture and Liquidation Losses	Q3 YTD 2016 non-GAAP
in millions (except per share amounts)						
Product revenue	\$1,932	\$—	\$—	\$—	\$—	\$1,932
Service revenue	2,809	—	—	—	—	2,809
Total revenue	4,741	—	—	—	—	4,741
Cost of products	1,487	—	(27)	—	—	1,460
Cost of services	1,951	(4)	(18)	—	—	1,929
Gross margin	1,303	4	45	—	—	1,352
Gross margin rate	27.5%	0.1%	0.9%	—%	—%	28.5%
Selling, general and administrative expenses	678	(6)	(50)	(5)	—	617
Research and development expenses	159	—	—	—	—	159
Restructuring-related charges	13	(13)	—	—	—	—
Total expenses	850	(19)	(50)	(5)	—	776
Total expense as a % of revenue	17.9%	(0.4)%	(1.0)%	(0.1)%	—%	16.4%
Income (loss) from operations	453	23	95	5	—	576
Income (loss) from operations as a % of revenue	9.6%	0.5%	1.9%	0.1%	—%	12.1%
Interest and Other (expense) income, net	(163)	—	—	—	5	(158)
Income (loss) from continuing operations before income taxes	290	23	95	5	5	418
Income tax expense (benefit)	75	3	31	2	—	111
Effective tax rate	26%					27%
Income (loss) from continuing operations	215	20	64	3	5	307
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$215	\$20	\$64	\$3	\$5	\$307
Diluted earnings per share	\$1.37	\$0.13	\$0.41	\$0.02	\$0.03	\$1.96

GAAP TO NON-GAAP RECONCILIATION

Q3 2016 YTD

	Q3 YTD 2016 GAAP	Q3 YTD 2016 non-GAAP
in millions (except per share amounts)		
Income (loss) from continuing operations attributable to NCR common stockholders:		
Income (loss) from continuing operations (attributable to NCR)	\$215	\$307
Dividends on convertible preferred shares	—	—
Income (loss) from continuing operations attributable to NCR common stockholders	\$215	\$307
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	128.8	128.8
Weighted as-if converted preferred shares	28.0	28.0
Total shares used in diluted earnings per share	156.8	156.8
Diluted earnings per share ⁽¹⁾	\$1.37	\$1.96

⁽¹⁾ GAAP and non-GAAP diluted EPS are determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.



GAAP TO NON-GAAP RECONCILIATION

Q3 2015 YTD

in millions (except per share amounts)	Q3 YTD 2015 GAAP	Restructuring plan	Acquisition-related amortization of intangibles	Acquisition-related costs	OFAC and FCPA Investigations	Pension (expense) benefit	Q3 YTD 2015 non-GAAP
Product revenue	\$1,995	\$—	\$—	\$—	\$—	\$—	\$1,995
Service revenue	2,698	—	—	—	—	—	2,698
Total revenue	4,693	—	—	—	—	—	4,693
Cost of products	1,539	(3)	(28)	—	—	(10)	1,498
Cost of services	2,161	—	(19)	—	—	(292)	1,850
Gross margin	993	3	47	—	—	302	1,345
Gross margin rate	21.2%	0.1%	1.0%	—%	—%	6.4%	28.7%
Selling, general and administrative expenses	788	—	(47)	(7)	(1)	(113)	620
Research and development expenses	175	—	—	—	—	(10)	165
Restructuring-related charges	33	(33)	—	—	—	—	—
Total expenses	996	(33)	(47)	(7)	(1)	(123)	785
<i>Total expense as a % of revenue</i>	<i>21.2%</i>	<i>(0.7)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>(2.7)%</i>	<i>16.7%</i>
Income (loss) from operations	(3)	36	94	7	1	425	560
<i>Income (loss) from operations as a % of revenue</i>	<i>(0.1)%</i>	<i>0.8%</i>	<i>2.0%</i>	<i>0.1%</i>	<i>—%</i>	<i>9.1%</i>	<i>11.9%</i>
Interest and Other (expense) income, net	(145)	—	—	—	—	—	(145)
Income (loss) from continuing operations before income taxes	(148)	36	94	7	1	425	415
Income tax expense (benefit)	50	10	30	2	1	(2)	91
<i>Effective tax rate</i>	<i>(34)%</i>						<i>22%</i>
Income (loss) from continuing operations	(198)	26	64	5	—	427	324
Net income (loss) attributable to noncontrolling interests	4	—	—	—	—	—	4
Income (loss) from continuing operations (attributable to NCR)	(\$202)	\$26	\$64	\$5	\$—	\$427	\$320
Diluted earnings per share	(\$1.19)	\$0.15	\$0.37	\$0.03	\$—	\$2.48	\$1.86
Diluted Shares outstanding	169.5						172.0

GAAP TO NON-GAAP RECONCILIATION

Q4 2015 QTD

in millions (except per share amounts)	Q4 QTD 2015 GAAP	Restructuring plan	Acquisition-related amortization of intangibles	Acquisition-related costs	Loss on terminated contract receivable	Loss on pending sale of IPS business	Pension (expense) benefit	Q4 QTD 2015 non-GAAP
Product revenue	\$716	—	—	—	—	—	—	\$716
Service revenue	964	—	—	—	—	—	—	964
Total revenue	1,680	—	—	—	—	—	—	1,680
Cost of products	533	(2)	(10)	—	—	—	(3)	518
Cost of services	671	(7)	(6)	—	—	—	(8)	650
Gross margin	476	9	16	—	—	—	11	512
Gross margin rate	28.3%	0.5%	1.0%	—%	—%	—%	0.7%	30.5%
Selling, general and administrative expenses	254	—	(15)	(4)	(20)	—	(10)	205
Research and development expenses	55	—	—	—	—	—	(8)	47
Restructuring-related charges	29	(29)	—	—	—	—	—	—
Total expenses	338	(29)	(15)	(4)	(20)	—	(18)	252
Total expense as a % of revenue	20.1%	(1.7)%	(1.0)%	(0.2)%	(1.2)%	—%	(1.0)%	15.0%
Income (loss) from operations	138	38	31	4	20	—	29	260
Income (loss) from operations as a % of revenue	8.2%	2.3%	1.9%	0.2%	1.2%	—%	1.7%	15.5%
Interest and Other (expense) income, net	(85)	—	—	—	—	34	—	(51)
Income (loss) from continuing operations before income taxes	53	38	31	4	20	34	29	209
Income tax expense (benefit)	5	14	10	1	7	5	11	53
Effective tax rate	9%							25%
Income (loss) from continuing operations	48	24	21	3	13	29	18	156
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$48	\$24	\$21	\$3	\$13	\$29	\$18	\$156
Diluted earnings per share	\$0.27	\$0.14	\$0.12	\$0.02	\$0.07	\$0.17	\$0.10	\$0.89

GAAP TO NON-GAAP RECONCILIATION

Q4 2015 QTD

	Q4 QTD 2015 GAAP	Q4 QTD 2015 non-GAAP
in millions (except per share amounts)		
Income (loss) from continuing operations attributable to NCR common stockholders:		
Income (loss) from continuing operations (attributable to NCR)	\$48	\$156
Dividends on convertible preferred shares	(4)	—
Income (loss) from continuing operations attributable to NCR common stockholders	\$44	\$156
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	164.6	164.6
Weighted as-if converted preferred shares	—	10.1
Total shares used in diluted earnings per share	164.6	174.7
Diluted earnings per share ⁽¹⁾	\$0.27	\$0.89

⁽¹⁾ GAAP and non-GAAP diluted EPS are determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.



GAAP TO NON-GAAP RECONCILIATION

FY 2015

in millions (except per share amounts)	FY 2015 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Reserve related to a subcontract in MEA	Loss on pending sale of IPS business	OFAC and FCPA Investigations	Pension mark-to- market adjustments	FY 2015 non- GAAP
Product revenue	\$2,711	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$2,711
Service revenue	3,662	—	—	—	—	—	—	—	3,662
Total revenue	6,373	—	—	—	—	—	—	—	6,373
Cost of products	2,072	(5)	(38)	—	—	—	—	(13)	2,016
Cost of services	2,832	(7)	(25)	—	—	—	—	(300)	2,500
Gross margin	1,469	12	63	—	—	—	—	313	1,857
Gross margin rate	23.1%	0.2%	1.0%	—%	—%	—%	—%	4.8%	29.1%
Selling, general and administrative expenses	1,042	—	(62)	(11)	(20)	—	(1)	(123)	825
Research and development expenses	230	—	—	—	—	—	—	(18)	212
Restructuring-related charges	62	(62)	—	—	—	—	—	—	—
Total expenses	1,334	(62)	(62)	(11)	(20)	—	(1)	(141)	1,037
Total expense as a % of revenue	20.9%	(1.0)%	(1.0)%	(0.2)%	(0.3)%	—%	—%	(2.1)%	16.3%
Income (loss) from operations	135	74	125	11	20	—	1	454	820
Income (loss) from operations as a % of revenue	2.1%	1.2%	2.0%	0.2%	0.3%	—%	—%	7.1%	12.9%
Interest and Other (expense) income, net	(230)	—	—	—	—	34	—	—	(196)
Income (loss) from continuing operations before income taxes	(95)	74	125	11	20	34	1	454	624
Income tax expense (benefit)	55	24	40	3	7	5	1	9	144
Effective tax rate	(58)%								23%
Income (loss) from continuing operations	(150)	50	85	8	13	29	—	445	480
Net income (loss) attributable to noncontrolling interests	4	—	—	—	—	—	—	—	4
Income (loss) from continuing operations (attributable to NCR)	(\$154)	\$50	\$85	\$8	\$13	\$29	\$—	\$445	\$476
Diluted earnings per share	(\$0.94)	\$0.29	\$0.49	\$0.05	\$0.08	\$0.17	\$—	\$2.58	\$2.76

GAAP TO NON-GAAP RECONCILIATION

FY 2015

	FY 2015 GAAP	FY 2015 non-GAAP
in millions (except per share amounts)		
Income (loss) from continuing operations attributable to NCR common stockholders:		
Income (loss) from continuing operations (attributable to NCR)	(\$154)	\$476
Dividends on convertible preferred shares	(4)	—
Income (loss) from continuing operations attributable to NCR common stockholders	(\$158)	\$476
Weighted average outstanding shares:		
Weighted average basic shares outstanding	167.6	—
Weighted average diluted shares outstanding	—	170.2
Weighted as-if converted preferred shares	—	2.0
Total shares used in diluted earnings per share	167.6	172.2
Diluted earnings per share ⁽¹⁾	(\$0.94)	\$2.76

⁽¹⁾ GAAP and non-GAAP diluted EPS are determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.



GAAP TO NON-GAAP RECONCILIATION

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

	2016 Guidance	Q4 2016e
Diluted EPS (GAAP) ⁽¹⁾	\$2.25 - \$2.30	\$0.87 - \$0.92
Restructuring Plan	0.14	0.01
Acquisition-Related Amortization of Intangibles	0.53	0.13
Acquisition-Related Costs	0.02	—
Divestiture and Liquidation Losses	0.03	—
Non-GAAP Diluted EPS	\$2.97 - \$3.02	\$1.01 - \$1.06

⁽¹⁾ Except for the adjustments noted herein as well as the pending divestiture of the Interactive Printer Solutions business, this guidance does not include the effects of any future acquisitions/divestitures, restructuring activities, pension mark-to-market adjustments, taxes or other events, which are difficult to predict and which may or may not be significant.



GAAP TO NON-GAAP RECONCILIATION

Revenue Growth % (GAAP) to Revenue Growth Adjusted Constant Currency % (non-GAAP)

Q3 2016 QTD

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software License	25%	(1)%	—%	26%
Software Maintenance	7%	—%	—%	7%
Cloud	7%	1%	—%	6%
Professional Services	1%	1%	—%	—%
Software	8%	1%	—%	7%
Services	5%	(1)%	—%	6%
ATMs	11%	—%	—%	11%
Self-Checkout (SCO)	86%	—%	—%	86%
Point-of-Sale (POS)	1%	(1)%	—%	2%
Interactive Printer Solutions	(94)%	—%	(80)%	(14)%
Hardware	—%	(1)%	(15)%	16%
Total Revenue	4%	—%	(6)%	10%

GAAP TO NON-GAAP RECONCILIATION

Revenue Growth % (GAAP) to
Revenue Growth Adjusted Constant Currency % (non-GAAP)

Q3 2016 QTD

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Americas	10%	1%	(6)%	15%
Europe, Middle East Africa	(5)%	(6)%	(5)%	6%
Asia Pacific	1%	7%	(4)%	(2)%
Total Revenue	4%	—%	(6)%	10%

GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2016 QTD		
	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non-GAAP)
Software	8%	—%	8%
Services	14%	1%	13%
Hardware	(7)%	(17)%	10%
Total Operating Income	7%	(3)%	10%

GAAP TO NON-GAAP RECONCILIATION

Operating Income Growth bps (GAAP) to
Operating Income Growth bps on a Constant Currency Basis (non-GAAP)

	Q3 2016 QTD		
	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non- GAAP)
Software	+10 bps	-10 bps	+20 bps
Services	+80 bps	+20 bps	+60 bps
Hardware	-40 bps	-80 bps	+40 bps
Total Operating Income	+40 bps	-20 bps	+60 bps



