

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): February 6, 2014

**NCR CORPORATION**

(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**31-0387920**

(I.R.S. Employer  
Identification No.)

**3097 Satellite Boulevard**

**Duluth, Georgia 30096**

(Address of principal executive offices and zip code)

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

N/A

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition**

On February 6, 2014, the Company issued a press release setting forth its fourth quarter 2013 financial results along with its fiscal year 2014 and first 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 February 6, 2014, the Company will hold its previously announced conference call to discuss its fourth quarter 2013 results and its fiscal year 2014 and first 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 February 6, 2014	99.2	Supplementary Materials, dated February 6, 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

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Robert Fishman  
Senior Vice President and Chief Financial Officer

Date: February 6, 2014

**Index to Exhibits**

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by the Company, dated February 6, 2014
99.2	Supplementary Materials, dated February 6, 2014



NEWS RELEASE

February 6, 2014

## NCR Announces Fourth Quarter Results

*NCR achieves strong non-pension operating income and free cash flow generation  
Software revenue growth led to continued operational gross margin expansion*

- **Non-pension operating income (NPOI)<sup>(1)</sup> of \$221 million, an increase of 22%; GAAP income from operations of \$297 million, a decrease of 28% primarily related to lower pension benefit**
- **Free cash flow<sup>(2)</sup> generation of \$317 million, an increase of 160%; GAAP net cash provided by operating activities of \$265 million, an increase of 165%**
- **Non-GAAP diluted EPS<sup>(1)</sup> of \$0.83, an increase of 15%; GAAP diluted EPS of \$1.21, a decrease of 17% primarily related to lower pension benefit**
- **Software revenue increased 27% driving continued operational gross margin expansion**
- **2014 full year guidance announced**

**DULUTH, Georgia** - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended December 31, 2013. Reported revenue of \$1.67 billion increased 2% from the fourth quarter of 2012. Fourth-quarter revenue includes an unfavorable impact of 2% as a result of foreign currency translation.

Non-pension operating income<sup>(1)</sup> in the fourth quarter of 2013 was \$221 million and non-GAAP diluted EPS<sup>(1)</sup> was \$0.83 compared to \$181 million and \$0.72 in the prior-year period. NCR reported fourth quarter income from operations of \$297 million and diluted EPS of \$1.21 compared to \$411 million and \$1.45 in the fourth quarter of 2012. Please refer to the tables and footnotes at the end of this release for explanations and GAAP to non-GAAP reconciliations.

"I am very proud of the NCR team's many accomplishments in 2013, highlighted by record financial results and outstanding progress on our strategic priorities," said Bill Nuti, Chairman and CEO of NCR. "We continue to execute at a high level as we reinvent NCR and transform our company into a software and services led business, with an accelerated path to a higher margin, sustainable growth, and more predictable revenue model - along with a strong cash generation profile. Once again, we have another healthy outlook for the forthcoming year. In 2014, we expect a better overall balance across our Lines of Businesses, geographies and product segments, with another strong year of software growth. The combination of our organic development and acquired assets have separated NCR from our traditional competition and placed us on a path to become the market leader in the burgeoning consumer transaction technologies category."

### **Fourth Quarter 2013 Operating Segment Results<sup>(1)</sup>**

#### **Financial Services**

NCR's Financial Services segment generated fourth quarter revenue of \$852 million, a decrease of 7% from the fourth quarter of 2012. The decrease was primarily driven by declines in the Americas theater. Foreign currency fluctuations had an unfavorable impact on the year-over-year revenue comparison by 2%.

Operating income for Financial Services was \$111 million in the fourth quarter of 2013 as compared to \$100 million in the fourth quarter of 2012. The increase in operating income was driven by a favorable mix of revenues, including a higher mix of software revenue and reduced expenses.

#### **Retail Solutions**

The Retail Solutions segment generated revenue of \$536 million in the fourth quarter of 2013, an increase of 9% from the fourth quarter of 2012. The increase was driven by growth in all of our theaters due to the impact of the Retalix business, which contributed \$86 million of revenue in the fourth quarter of 2013. Foreign currency fluctuations had an unfavorable impact on the year-over-year revenue comparison by 3%.

Operating income for Retail Solutions was \$65 million in the fourth quarter of 2013 as compared to \$44 million in the fourth quarter of 2012. The increase in operating income was driven by a higher mix of software revenue and the contribution of the Retalix business as noted above.

#### **Hospitality**

The Hospitality segment generated revenue of \$176 million in the fourth quarter of 2013, an increase of 17% from the fourth quarter of 2012. The increase was driven by growth in all of our theaters. Foreign currency fluctuations had an unfavorable impact on the year-over-year revenue comparison by 1%.

Operating income for Hospitality was \$26 million in the fourth quarter of 2013 as compared to \$22 million in the fourth quarter of 2012. The increase in operating income was driven by higher revenues, slightly offset by investment in sales and development resources.

#### **Emerging Industries**

The Emerging Industries segment generated revenue of \$106 million in the fourth quarter of 2013, an increase of 31% from the fourth quarter of 2012. The increase was driven by growth in all of our theaters. Foreign currency fluctuations had an unfavorable impact on the year-over-year revenue comparison by 2%.

Operating income for Emerging Industries was \$19 million in the fourth quarter of 2013 as compared to \$15 million in the fourth quarter of 2012. The increase in operating income was due to higher revenues.

## **Fourth Quarter 2013 Business Highlights**

### **Financial Services**

*In the Financial Services segment, NCR greatly strengthened its financial services software offerings through two acquisitions, received an important industry certification, and continued to advance its Interactive Teller technology and other software and hardware solutions across the globe.*

On December 2, 2013, NCR entered into a definitive agreement to purchase Digital Insight Corporation, a leader in online and mobile banking solutions, and completed the acquisition of Alaric Systems Limited, a provider of secure transaction switching and fraud prevention software. On January 10, 2014, NCR completed its acquisition of Digital Insight, which was financed using the net proceeds from NCR's December 2013 offering of \$1.1 billion of senior notes, \$250 million in incremental term loans under NCR's senior secured credit facility and approximately \$300 million in additional borrowings under the revolving portion of NCR's senior secured credit facility. Together, these companies complement and extend NCR's existing capabilities in the banking industry to form a complete enterprise software platform designed to deliver a unique and compelling consumer experience across all digital and physical channels - mobile, online, branch, and ATM.

Also during the quarter, NCR received certification of APTRA™ Interactive Teller from First Data, a global leader in electronic commerce and payment processing. The certification by First Data enables its financial institution clients to use APTRA™ Interactive Teller for standard ATM transaction processing. NCR also expanded its APTRA™ Interactive Teller customer base during the quarter as Landmark Bank deployed the first Interactive Teller ATM in Missouri and First Community Credit Union became the first institution in Houston with NCR video teller services.

NCR also secured hardware wins in Europe. NCR was chosen by the Royal Bank of Scotland to install more than 2,000 NCR SelfServ™ ATMs across the U.K. over the next three years. NCR also extended its relationship with Automatia, a leading Finnish ATM network operator, and will replace 400 older, non-NCR ATMs and 200 NCR Personas series ATMs with 600 new NCR SelfServ™ 25 and 26 ATMs which are designed to withstand the extreme low temperatures in Finland.

In Asia, NCR entered into a professional services engagement with the Bank of China to develop new ATM applications. Additionally, Fukuoka Financial Group, Inc. deployed the NCR iTRAN® ImageTrac Series 5, a high-speed document processing scanner, to improve the operational efficiency for its data entry and image-item sorting.

### **Retail Solutions**

*In the Retail Solutions segment, NCR received industry recognition for its software leadership, introduced NCR Silver 3.0, and secured customer wins for its software, point-of-sale (POS) and self-checkout solutions.*

Cornell Mayo, an NCR subsidiary, was identified as a leader in the 2013 RIS Software Leaderboard, ranking first in 20 categories and in the top ten for 14 additional categories - more top rankings than any other vendor. The annual Software Leaderboard, developed and published by RIS News, is considered the industry's most influential guide to the top retail technology software companies.

NCR Silver, NCR's tablet and mobile-based POS system for small businesses, announced the release of NCR Silver 3.0, which includes additional features that make it even easier for small businesses to save time while managing and growing their businesses. The new functionality supports multiple locations, gives business

owners the ability to set user roles, like Cashier or Manager, and assign permissions, and includes a new Time Clock feature that simplifies payroll management. NCR Silver is built to run in the cloud, using consumer-friendly technology, and works on Apple® devices running iOS, like the iPad®, iPhone® and iPod touch®. In addition to 7-day live support, NCR Small Business introduced Silver Sidewalk™, a customer community portal where NCR Silver customers can interact with each other, explore product features, search the knowledge base, find helpful tips and get assistance from the Customer Care team.

Retail software customer wins during the quarter included the deployment by Queensland Frozen Food Services of NCR Power Mobile, an innovative and easy-to-use business-to-business customer relationship management software solution.

Additionally, Lukoil, one of the world's largest oil and gas providers, deployed NCR's latest POS software and hardware for petroleum and convenience stores at more than 170 petrol station convenience stores in Belgium and updated legacy POS equipment with new NCR technology at more than 400 sites in six countries in Central and Eastern Europe.

Pilot Flying J, which serves more than 1.3 million customers daily at its more than 650 travel centers and travel plazas in North America, entered into an agreement for an omni-commerce NCR retail POS solution that will streamline deploying and managing in-store, mobile commerce and online storefront systems.

Scotmid, a convenience store chain with 200 branches in the UK, agreed to deploy NCR SelfServ™ Checkout solutions to drive profits and improve customer service and the overall brand experience at its convenience stores. The solutions reduce queue waiting time and allow employees to be redeployed from front end checkout to valuable in-aisle functions.

### **Hospitality**

*In the Hospitality segment, NCR advanced its Pulse Real-Time offering and secured customer wins for its Aloha software and POS terminals.*

Pulse Real-Time is a SaaS-based mobile analytics engine, available on Android® and iOS® devices. The application helps restaurant operators solve the challenges of low visibility into operational performance, lack of predictable data and the inability to be in several places simultaneously. Pulse Real-Time deployments in the quarter included Ted's Montana Grill.

During the quarter, NCR also assisted Johnny Rockets' expansion into Brazil. Johnny Rockets will open its first two restaurants in Brazil with the support of NCR Aloha software running on NCR POS technology. Johnny Rockets selected the NCR POS solution because it is optimized for fast-paced food service operations.

In addition, Juan Valdez Café stores agreed to replace their PC-based POS terminals with an NCR solution to enhance customer service and experiences chain wide. The NCR POS solution includes a guest-facing screen so Juan Valdez Café stores can create and easily communicate new marketing initiatives, such as offering special drinks, replacing their previous use of paper-based advertising.

### **Emerging Industries**

*During the quarter, in the Emerging Industries segment, NCR continued to advance its self-service technologies for the travel industry.*



Air Macau deployed a self-service airline check-in solution from NCR to enable its passengers to check-in, access flight information, select seats, and scan and print boarding passes. NCR will also provide Air Macau with after-sales service support. NCR also worked with China Southern Airlines (China Southern) to share its self-service check-in solution at Guangzhou Baiyun International Airport with Air France, making China Southern the first airline based in China to share self-service check-in with a foreign airline.

NCR signed a long-term agreement with GuestLogix Inc., the leading global provider of onboard retail and payment technology solutions to airlines and the passenger travel industry, to develop a comprehensive and secure solution that airlines can use to sell additional products and services at multiple touch points throughout the travel journey, improving the passenger experience.

NCR also entered into an agreement to provide the United States Transportation Security Administration (TSA) with a mobile solution that employs NCR boarding pass scanners and enables TSA agents to enhance security and expedite passenger identification at checkpoints nationwide.

#### **Fourth Quarter 2013 Financial Highlights**

Income from operations was \$297 million in the fourth quarter of 2013 compared to \$411 million in the fourth quarter of 2012. The decrease was mainly due to lower pension benefit which decreased from \$254 million in the fourth quarter of 2012 to \$99 million in the fourth quarter of 2013. Non-pension operating income<sup>(1)</sup> was \$221 million in the fourth quarter of 2013 compared to \$181 million in the fourth quarter of 2012. The increase was mainly due to an increase in software revenues.

Net cash provided by operating activities was \$265 million during the fourth quarter of 2013 compared to net cash provided by operating activities of \$100 million in the prior-year period. Free cash flow (net cash from operations and discontinued operations, less capital expenditures for property, plant and equipment, additions to capitalized software, and discretionary pension contributions and settlements)<sup>(2)</sup> was a cash inflow of \$317 million in the fourth quarter of 2013, compared to a cash inflow of \$122 million in the fourth quarter of 2012. The increase in free cash flow was driven by improved profitability, improvements in working capital, a reduction in cash outflows related to discontinued operations partially offset by increases in capital expenditures.

NCR contributed approximately \$283 million to its international, executive and U.S. qualified pension plans in 2013 compared to \$752 million in 2012. Contributions in 2013 included an \$80 million contribution to the U.S. non-qualified pension plan in the second quarter of 2013, and a \$100 million and a \$24 million discretionary contribution to the U.S. qualified pension plan and the U.K. pension plan, respectively, in the fourth quarter of 2013. The net unfunded status of the Company's global pension plans improved by approximately \$372 million and was \$(89) million as of December 31, 2013 compared to \$(461) million as of December 31, 2012.

Other expense, net was \$38 million in the fourth quarter of 2013 compared to other expense, net, of \$19 million in the prior year period, mainly due to higher interest expense in the current period.

Income tax expense was \$54 million in the fourth quarter of 2013 compared to income tax expense of \$155 million in the fourth quarter of 2012. The decrease in income tax expense is driven by the reduction in income from operations primarily due to lower pension benefit as well as a favorable mix of earnings.

NCR ended the fourth quarter of 2013 with \$528 million in cash and cash equivalents, compared to a balance of \$460 million as of September 30, 2013. As of December 31, 2013, NCR had a total debt balance of \$3.35 billion compared to a total debt balance of \$2.23 billion as of September 30, 2013. The increase in total debt balance is due primarily to the December 2013 offering by NCR of \$400 million aggregate principal amount of 5.875% senior notes due 2021 and \$700 million aggregate principal amount of 6.375% senior notes due 2023, the proceeds of which were used to finance the acquisition of Digital Insight on January 10, 2014.

As previously announced, effective in the first quarter of 2013, NCR changed the accounting methodology for recognizing expense for its Company-sponsored U.S. and international pension benefit plans. From 2013 forward, NCR will recognize changes in fair values of plan assets and net actuarial gains and losses in the year incurred, generally in the fourth quarter of each year, which were previously deferred and amortized over time into pension expense. The results and guidance included in this release give effect to the change in accounting methodology.

### **2014 Outlook**

	<b>2014 Guidance</b>	<b>2013 Actual</b>
Year-over-year revenue growth	<b>12% - 14%</b>	7%
Income from Operations (GAAP)	<b>\$730 - \$750 million</b>	\$666 million
Non-pension operating income (NPOI) <sup>(1)</sup>	<b>\$900 - \$920 million</b>	\$717 million
Diluted earnings per share (GAAP)	<b>\$2.36 - \$2.46</b>	\$2.67
Non-GAAP Diluted EPS <sup>(1)</sup>	<b>\$3.00 - \$3.10</b>	\$2.81

The 2014 outlook includes the impact of the acquisitions of Alaric Systems and Digital Insight. NCR expects approximately \$200 million of Other Expense, net including interest expense in 2014 and that its full-year 2014 effective income tax rate will be approximately 26%.

The GAAP income from operations and earnings per share guidance for the full year 2014 included above and elsewhere in this release excludes the impact of the actuarial mark to market pension adjustments that will be determined in the fourth quarter of 2014, whereas the full year 2013 and fourth quarter 2013 actual GAAP income from operations includes the actuarial mark to market pension adjustments.

Please refer to the tables and footnotes at the end of this release for explanations and GAAP to non-GAAP reconciliations.

### **Q1 2014 Outlook**

For the first quarter of 2014, the Company expects non-pension operating income (NPOI)<sup>(1)</sup> to be in the range of \$155 million to \$165 million, compared to \$129 million in the first quarter of 2013 and income from operations to be in the range of \$105 million to \$115 million, compared to \$85 million in the first quarter of 2013. NCR expects its first quarter 2014 tax rate to be approximately 25% and Other Expense, net including interest expense to be approximately \$50 million.

## **2013 Fourth Quarter Earnings Conference Call**

A conference call is scheduled for today at 4:30 p.m. (EST) to discuss the Company's 2013 fourth quarter results and guidance for first quarter and full-year 2014. Access to the conference call and accompanying slides, as well as a replay of the call, is available on NCR's web site at <http://investor.ncr.com/>. Additionally, the live call can be accessed by dialing 888-801-6504 and entering the participant passcode 8650319.

### **About NCR Corporation**

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

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

Web site: [www.ncr.com](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 news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements use words such as “seek,” “potential,” “expect,” “strive,” “continue,” “continuously,” “accelerate,” “anticipate,” “outlook,” “intend,” “plan,” “target,” “believe,” “estimate,” “forecast,” “pursue” and other similar expressions or future or conditional verbs such as “will,” “should,” “would” and “could”. They include statements about the reinvention and transformation of NCR's business; statements about NCR's Financial Services software offerings and the expected contributions of the Alaric Systems and Digital Insight acquisitions to those offerings; expectations regarding NCR's future margins, expected growth, cash generation and the transformation of NCR's revenue model; expectations for the performance of NCR's lines of business, geographies and products, including software; statements as to NCR's anticipated or expected results and financial performance, including its outlook for the first quarter of 2014 and the 2014 fiscal year (including in the sections entitled “Fourth Quarter 2013 Business Highlights,” “2014 Outlook” and “Q1 2014 Outlook”) and its expectations for revenue and growth across its core verticals; projections of revenue, profit growth and other financial items; discussion of strategic initiatives and related actions; comments about future market or industry performance or behaviors, including how NCR's products and services may be used and the benefits they might create or provide for its customers; and beliefs, expectations, intentions, and strategies, among other things. Forward-looking statements are based on management's current beliefs, expectations and assumptions, 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 factors, risks and uncertainties that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements. In addition to the factors discussed in this release, these other factors, risks and uncertainties include those relating to: domestic and global economic and credit conditions, including the ongoing sovereign debt conditions in Europe and the uneven global economic recovery; our indebtedness and the impact that it may have on our financial and operating activities and our ability to incur additional debt; the financial covenants in our senior secured credit facility and the indentures for our outstanding senior unsecured notes and their impact on our financial and business operations; the adequacy of our future cash flows to service our indebtedness; the variable interest rates borne by our indebtedness under our senior secured credit facility and the effects of changes in those rates; our ability to raise funds necessary to finance a required change in control purchase of our outstanding senior unsecured notes; the effect on our future borrowing costs and access to capital of a lowering or withdrawal of the ratings assigned to our debt securities; shifts in market demands, continued competitive factors and pricing pressures; shorter product cycles, rapidly changing technologies and maintaining a competitive leadership position with respect to our solution offerings; manufacturing disruptions affecting product quality or delivery times; the historical seasonality of our sales; the effect of currency translation; our ability to achieve targeted cost reductions; maintaining profitability of our professional services consulting engagements and appropriate utilization rates for our consultants; market volatility and the funded status of our pension plans; the success of our pension strategy, including "Phase III" of our pension strategy; tax rates; our ability to sell higher-margin software and services in addition to hardware; business and legal risks associated with multinational operations; availability and successful exploitation of new acquisition and alliance opportunities; expected benefits related to acquisitions and alliances, including the acquisition of Digital Insight, not materializing; the timely development, production or acquisition and market acceptance of new and existing products and services; the ability of third party suppliers on which we rely being able to fulfill our needs; our ability to successfully develop and protect intellectual property that drives innovation; our ability to execute our business and reengineering plans; turnover of workforce and the ability to attract and retain skilled employees; compliance with requirements relating to data privacy and protection; continued efforts to establish and maintain best-in-class internal information technology and control systems; exposure to post-closing liabilities resulting from the sale of assets of our entertainment business; environmental exposures from our historical and ongoing manufacturing activities; changes in GAAP and the resulting impact, if any, on the Company's accounting policies; uncertainties with regard to regulations, lawsuits, claims and other matters across various jurisdictions; and other factors detailed from time to time in the Company's U.S. Securities and Exchange Commission reports and the Company's annual reports to stockholders. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

	Q4 2013 Actual	Q4 2012 Actual	2014 Guidance	2013 Actual
<b>Diluted EPS (GAAP)</b>	<b>\$ 1.21</b>	<b>\$ 1.45</b>	<b>\$2.36 - \$2.46</b>	<b>\$ 2.67</b>
Pension (benefit) expense	(0.41)	(0.82)	0.03	(0.34)
Acquisition-related costs	0.03	0.04	0.13	0.21
Acquisition-related amortization of intangibles	0.07	0.04	0.47	0.29
Acquisition-related purchase price adjustments	0.01	—	0.01	0.06
OFAC and FCPA Investigations <sup>(3)</sup>	0.01	0.01	—	0.01
Japan valuation reserve release	(0.09)	—	—	(0.09)
<b>Diluted EPS (non-GAAP) <sup>(1)</sup></b>	<b>\$ 0.83</b>	<b>\$ 0.72</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)	Q4 2013 Actual	Q4 2012 Actual	2014 Guidance	2013 Actual	Q1 2014 Guidance	Q1 2013 Actual
<b>Income from Operations (GAAP)</b>	<b>\$ 297</b>	<b>\$ 411</b>	<b>\$730 - \$750</b>	<b>\$ 666</b>	<b>\$105 - \$115</b>	<b>\$ 85</b>
Pension (benefit) expense	(99)	(254)	10	(78)	1	7
Acquisition-related costs	2	11	35	46	18	16
Acquisition-related amortization of intangibles	17	9	121	65	29	14
Acquisition-related purchase price adjustments	3	—	3	15	1	6
OFAC and FCPA Investigations <sup>(3)</sup>	1	4	1	3	1	1
<b>Non-pension Operating Income (non-GAAP) <sup>(1)</sup></b>	<b>\$ 221</b>	<b>\$ 181</b>	<b>\$900 - \$920</b>	<b>\$ 717</b>	<b>\$155 - \$165</b>	<b>\$ 129</b>

## Free Cash Flow

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2013	2012	2013	2012
<b>Net cash provided by (used in) operating activities (GAAP)</b>	<b>\$ 265</b>	<b>\$ 100</b>	<b>\$ 281</b>	<b>\$ (180)</b>
Less expenditures for:				
Property, plant and equipment	(36)	(27)	(116)	(80)
Capitalized software	(35)	(22)	(110)	(80)
Total capital expenditures, net	(71)	(49)	(226)	(160)
Net cash used in operating activities from discontinued operations	(1)	(29)	(52)	(114)
Discretionary pension contributions and settlements	124	100	204	600
<b>Free cash flow (non-GAAP)<sup>(2)</sup></b>	<b>\$ 317</b>	<b>\$ 122</b>	<b>\$ 207</b>	<b>\$ 146</b>

## Notes

While NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP, it believes that certain non-GAAP measures provide additional useful information regarding NCR's financial results. NCR's management evaluates the Company's results excluding certain items, such as pension expense and the effect of foreign currency translation, to assess the financial performance of the Company and believes this information is useful for investors because it provides a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with NCR's past reports of financial results. In addition, management uses certain of these measures to manage and determine effectiveness of its business managers and as a basis for incentive compensation. NCR management's calculation 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.

(1) The segment results included in this release and Schedule B hereto and the non-GAAP income from operations (i.e. non-pension operating income or NPOI) and non-GAAP earnings per share discussed in this earnings release exclude the impact of pension expense and certain special items. Due to the significant change in its pension expense from year to year and the non-operational nature of pension expense and these special items, including amortization of acquisition related intangibles, NCR's management uses non-pension operating income and non-GAAP earnings per share to evaluate year-over-year operating performance. NCR may, in addition, segregate special items from its GAAP results from time to time to reflect the ongoing earnings per share performance of the Company. NCR also uses non-pension operating income and non-GAAP earnings per share to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR determines non-pension operating income based on its GAAP income (loss) from operations excluding pension expense and special items. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP.

(2) Free cash flow does not have a uniform definition under GAAP and, therefore, NCR's definition may differ from other companies' definitions of this measure. NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, 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. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities determined in accordance with GAAP.

(3) 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)

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2013	2012	2013	2012
<b>Revenue</b>				
Products	\$ 801	\$ 866	\$ 2,912	\$ 2,854
Services	869	776	3,211	2,876
<b>Total Revenue</b>	<b>1,670</b>	<b>1,642</b>	<b>6,123</b>	<b>5,730</b>
Cost of products	575	633	2,152	2,144
Cost of services	565	435	2,231	1,941
<b>Total gross margin</b>	<b>530</b>	<b>574</b>	<b>1,740</b>	<b>1,645</b>
% of Revenue	31.7%	35.0%	28.4%	28.7%
Selling, general and administrative expenses	193	150	871	742
Research and development expenses	40	13	203	155
<b>Income from operations</b>	<b>297</b>	<b>411</b>	<b>666</b>	<b>748</b>
% of Revenue	17.8%	25.0%	10.9%	13.1%
Interest expense	(33)	(18)	(103)	(42)
Other (expense), net	(5)	(1)	(9)	(8)
Total other (expense), net	(38)	(19)	(112)	(50)
<b>Income before income taxes and discontinued operations</b>	<b>259</b>	<b>392</b>	<b>554</b>	<b>698</b>
% of Revenue	15.5%	23.9%	9.0%	12.2%
Income tax expense	54	155	98	223
<b>Income from continuing operations</b>	<b>205</b>	<b>237</b>	<b>456</b>	<b>475</b>
(Loss) income from discontinued operations, net of tax	(8)	3	(9)	6
<b>Net Income</b>	<b>197</b>	<b>240</b>	<b>447</b>	<b>481</b>
Net (loss) income attributable to noncontrolling interests	(1)	(2)	4	—
<b>Net income attributable to NCR</b>	<b>\$ 198</b>	<b>\$ 242</b>	<b>\$ 443</b>	<b>\$ 481</b>
<b>Amounts attributable to NCR common stockholders:</b>				
Income from continuing operations	\$ 206	\$ 239	\$ 452	\$ 475
(Loss) income from discontinued operations, net of tax	(8)	3	(9)	6
Net income	\$ 198	\$ 242	\$ 443	\$ 481
<b>Net income per share attributable to NCR common stockholders:</b>				
<b>Net income per common share from continuing operations</b>				
Basic	\$ 1.24	\$ 1.49	\$ 2.73	\$ 2.98
Diluted	\$ 1.21	\$ 1.45	\$ 2.67	\$ 2.90
<b>Net income per common share</b>				
Basic	\$ 1.19	\$ 1.51	\$ 2.68	\$ 3.02
Diluted	\$ 1.16	\$ 1.47	\$ 2.62	\$ 2.94
<b>Weighted average common shares outstanding</b>				
Basic	166.5	160.4	165.4	159.3
Diluted	170.8	164.4	169.3	163.8



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

	For the Periods Ended December 31					
	Three Months			Twelve Months		
	2013	2012	% Change	2013	2012	% Change
<b>Revenue by segment</b>						
Financial Services	\$ 852	\$ 921	(7)%	\$ 3,115	\$ 3,201	(3)%
Retail Solutions	536	490	9 %	2,034	1,667	22 %
Hospitality	176	150	17 %	626	522	20 %
Emerging Industries	106	81	31 %	348	340	2 %
<b>Total Revenue</b>	<b>\$ 1,670</b>	<b>\$ 1,642</b>	<b>2 %</b>	<b>\$ 6,123</b>	<b>\$ 5,730</b>	<b>7 %</b>
<b>Operating income by segment</b>						
Financial Services	\$ 111	\$ 100		\$ 356	\$ 327	
% of Revenue	13.0%	10.9%		11.4%	10.2%	
Retail Solutions	65	44		205	102	
% of Revenue	12.1%	9.0%		10.1%	6.1%	
Hospitality	26	22		100	85	
% of Revenue	14.8%	14.7%		16.0%	16.3%	
Emerging Industries	19	15		56	75	
% of Revenue	17.9%	18.5%		16.1%	22.1%	
<b>Subtotal-segment operating income</b>	<b>\$ 221</b>	<b>\$ 181</b>		<b>\$ 717</b>	<b>\$ 589</b>	
% of Revenue	13.2%	11.0%		11.7%	10.3%	
Pension benefit	(99)	(254)		(78)	(224)	
Other adjustments (1)	23	24		129	65	
<b>Total income from operations</b>	<b>\$ 297</b>	<b>\$ 411</b>		<b>\$ 666</b>	<b>\$ 748</b>	

- (1) Other adjustments for the three months ended December 31, 2013 include \$2 million of acquisition related costs, \$17 million of acquisition-related amortization of intangible assets, \$3 million of acquisition-related purchase price adjustments and \$1 million of legal costs related to previously disclosed OFAC and FCPA investigations; other adjustments for the three months ended December 31, 2012 include \$11 million of acquisition-related costs, \$9 million of acquisition-related amortization of intangible assets, and \$4 million of legal costs related to previously disclosed OFAC and FCPA investigations. Other adjustments for the twelve months ended December 31, 2013 include \$46 million of acquisition-related costs, \$65 million of acquisition-related amortization of intangible assets, \$15 million of acquisition-related purchase price adjustments and \$3 million of legal costs related to the previously disclosed OFAC and FCPA investigations; other adjustments for the twelve months ended December 31, 2012 include \$23 million of acquisition-related costs, \$38 million of acquisition-related amortization of intangible assets, and \$4 million of legal costs related to the previously disclosed OFAC and FCPA investigations.





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

	December 31, 2013	September 30, 2013	December 31, 2012
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 528	\$ 460	\$ 1,069
Restricted cash	1,114	—	—
Accounts receivable, net	1,339	1,349	1,086
Inventories, net	790	842	797
Other current assets	568	591	454
<b>Total current assets</b>	<b>4,339</b>	<b>3,242</b>	<b>3,406</b>
Property, plant and equipment, net	352	338	308
Goodwill	1,534	1,472	1,003
Intangibles, net	494	474	304
Prepaid pension cost	478	424	368
Deferred income taxes	441	492	532
Other assets	470	436	448
<b>Total assets</b>	<b>\$ 8,108</b>	<b>\$ 6,878</b>	<b>\$ 6,369</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities			
Short-term borrowings	\$ 34	\$ 15	\$ 72
Accounts payable	670	584	611
Payroll and benefits liabilities	191	209	186
Deferred service revenue and customer deposits	525	508	455
Other current liabilities	461	437	418
<b>Total current liabilities</b>	<b>1,881</b>	<b>1,753</b>	<b>1,742</b>
Long-term debt	3,320	2,212	1,891
Pension and indemnity plan liabilities	532	740	805
Postretirement and postemployment benefits liabilities	169	202	246
Income tax accruals	189	143	138
Environmental liabilities	121	118	171
Other liabilities	99	118	79
<b>Total liabilities</b>	<b>6,311</b>	<b>5,286</b>	<b>5,072</b>
Redeemable noncontrolling interests	14	17	15
<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 December 31, 2013, September 30, 2013, and December 31, 2012, respectively	—	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 166.6, 166.3 and 162.8 shares issued and outstanding as of December 31, 2013, September 30, 2013 and December 31, 2012 respectively	2	2	2
Paid-in capital	433	434	358
Retained earnings	1,372	1,174	929
Accumulated other comprehensive loss	(38)	(73)	(37)
<b>Total NCR stockholders' equity</b>	<b>1,769</b>	<b>1,537</b>	<b>1,252</b>
Noncontrolling interests in subsidiaries	14	38	30
<b>Total stockholders' equity</b>	<b>1,783</b>	<b>1,575</b>	<b>1,282</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,108</b>	<b>\$ 6,878</b>	<b>\$ 6,369</b>



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

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2013	2012	2013	2012
<b>Operating activities</b>				
Net income	\$ 197	\$ 240	\$ 447	\$ 481
Adjustments to reconcile net income to net cash (used in) provided by operating activities:				
Loss (income) from discontinued operations	8	(3)	9	(6)
Depreciation and amortization	59	43	208	166
Stock-based compensation expense	7	13	41	49
Deferred income taxes	11	117	3	144
Gain on sale of property, plant and equipment and other assets	—	(2)	(14)	(10)
Impairment of long-lived and other assets	—	—	—	7
Changes in assets and liabilities:				
Receivables	16	41	(136)	(53)
Inventories	51	32	10	(42)
Current payables and accrued expenses	45	22	21	86
Deferred service revenue and customer deposits	15	(25)	36	31
Pension and indemnity plan	(245)	(407)	(397)	(994)
Other assets and liabilities	101	29	53	(39)
<b>Net cash provided by (used in) operating activities</b>	<b>265</b>	<b>100</b>	<b>281</b>	<b>(180)</b>
<b>Investing activities</b>				
Expenditures for property, plant and equipment	(36)	(27)	(116)	(80)
Proceeds from sales of property, plant and equipment	—	—	10	8
Additions to capitalized software	(35)	(22)	(110)	(80)
Business acquisition, net	(84)	(50)	(780)	(108)
Changes in restricted cash	(1,114)	—	(1,114)	—
Other investing activities, net	—	—	5	4
<b>Net cash used in investing activities</b>	<b>(1,269)</b>	<b>(99)</b>	<b>(2,105)</b>	<b>(256)</b>
<b>Financing activities</b>				
Tax withholding payments on behalf of employees	(2)	—	(30)	(12)
Short term borrowings, net	—	—	(1)	—
Payments on term credit facility	—	—	(35)	—
Borrowings on term credit facilities	29	—	329	150
Payments on revolving credit facility	(164)	—	(1,009)	(860)
Borrowings on revolving credit facility	164	—	1,009	720
Proceeds from bond offerings	1,100	500	1,100	1,100
Debt issuance costs	(24)	(8)	(36)	(19)
Proceeds from employee stock plans	5	30	57	53
Purchase of noncontrolling interest	(24)	—	(24)	—
Dividend distribution to minority shareholder	(3)	—	(3)	(1)
<b>Net cash provided by financing activities</b>	<b>1,081</b>	<b>522</b>	<b>1,357</b>	<b>1,131</b>
<b>Cash flows from discontinued operations</b>				
Net cash used in operating activities	(1)	(29)	(52)	(114)
Net cash provided by investing activities	—	1	—	99
Net cash (used in) provided by discontinued operations	(1)	(28)	(52)	(15)
Effect of exchange rate changes on cash and cash equivalents	(8)	(7)	(22)	(9)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>68</b>	<b>488</b>	<b>(541)</b>	<b>671</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>460</b>	<b>581</b>	<b>1,069</b>	<b>398</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 528</b>	<b>\$ 1,069</b>	<b>\$ 528</b>	<b>\$ 1,069</b>



## Q4 2013 EARNINGS CONFERENCE CALL

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

February 6, 2014



# NOTES TO INVESTORS

**Forward-looking Statements:** Comments made during this conference call and in these materials may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements use words such as “seek,” “potential,” “expect,” “strive,” “continue,” “continuously,” “accelerate,” “anticipate,” “outlook,” “intend,” “plan,” “target,” “believe,” “estimate,” “forecast,” “pursue” and other similar expressions or future or conditional verbs such as “will,” “should,” “would” and “could.” They include statements as to NCR’s anticipated or expected results, growth and financial performance, including its guidance for first quarter and full year 2014; projections of revenue, profit growth and other financial items, including its anticipated software, SaaS and professional services revenue growth; future business segment and line of business performance; expected benefits from the acquisitions of Digital Insight and Alaric Systems, including with respect to their financial impact and their effect on the strength of NCR’s solutions portfolio; expected benefits from the acquisition of Retalix; goals for 2014, including with respect to margin expansion, free cash flow generation, working capital and repayment of debt, and expectations for execution on those goals; strategies and intentions regarding its pension plans and the effects thereof, including with respect to “Phase III” of its pension strategy; discussion of other strategic initiatives and related actions; and beliefs, expectations, intentions and strategies, among other things. Forward-looking statements are based on management’s current beliefs, expectations and assumptions, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. These forward-looking statements are not guarantees of future performance, and there are a number of factors, risks and uncertainties, including those detailed from time to time in NCR’s SEC reports, including those listed in Item 1a “Risk Factors” of its Annual Report on Form 10-K, that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements. These materials are dated February 6, 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.

**Use of Certain Terms.** As used in these presentation materials, the term “software revenue” includes software, software as a service (SaaS) and software maintenance revenue but excludes professional services revenue associated with software delivery, and the term “recurring revenue” is the sum of SaaS, hardware maintenance and software maintenance revenue.

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

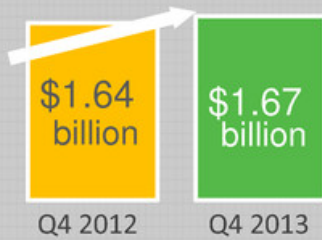


# NON-GAAP MEASURES

While NCR reports its results in accordance with generally accepted accounting principles (GAAP) in the United States, comments made during this conference call and the related presentation materials will include the following "non-GAAP" measures: non-pension operating income (also referred to as NPOI), non-GAAP earnings per share (also referred to as non-GAAP EPS), free cash flow (also referred to as FCF), adjusted free cash flow (also referred to as adjusted FCF), operational gross margin, operational gross margin rate, expenses (non-GAAP), and constant currency. These measures are included in an effort to provide additional useful information regarding NCR's financial results. An explanation of these non-GAAP measures and the rationale for management's use of these non-GAAP measures, and a reconciliation of these non-GAAP measures to comparable GAAP measures, are included in the portion of these presentation materials entitled "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, including free cash flow, are also included in NCR's SEC reports.

# Q4 2013 FINANCIAL HIGHLIGHTS

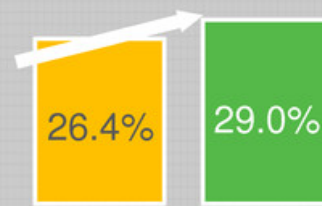
## REVENUE



Q4 2012 Q4 2013

Up 2% y/y  
4% on a constant currency basis

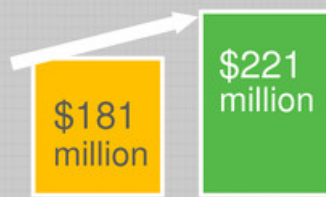
## OPERATIONAL GROSS MARGIN



Q4 2012 Q4 2013

Up 260 bps y/y

## NPOI



Q4 2012 Q4 2013

Up 22% y/y  
All-time high<sup>(1)</sup> NPOI margin<sup>(2)</sup> of 13.2%

## FREE CASH FLOW



Q4 2012 Q4 2013

Up 160% y/y

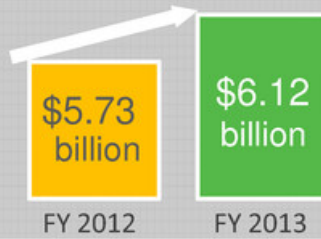
- 16<sup>th</sup> consecutive quarter of y/y revenue and NPOI growth
- 17<sup>th</sup> consecutive quarter of meeting or beating EPS consensus estimate
- Achieved record<sup>(1)</sup> NPOI & record free cash flow generation



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

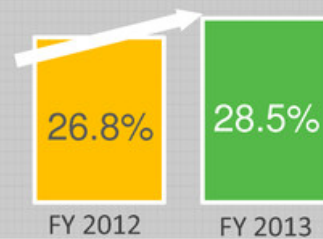
# FY 2013 FINANCIAL HIGHLIGHTS

## REVENUE



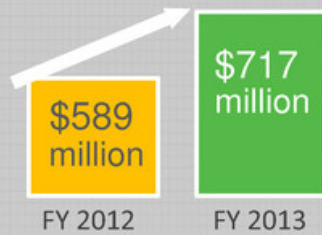
Up 7% y/y; up 9% on a constant currency basis  
Recurring revenue up 6%; 38% of total

## OPERATIONAL GROSS MARGIN



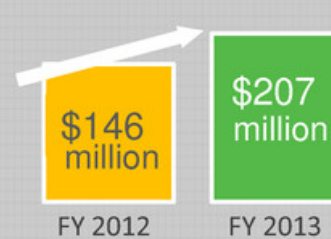
Up 170 bps y/y

## NPOI



Up 22% y/y  
Record<sup>(1)</sup> annual NPOI margin<sup>(2)</sup> of 11.7%

## FREE CASH FLOW



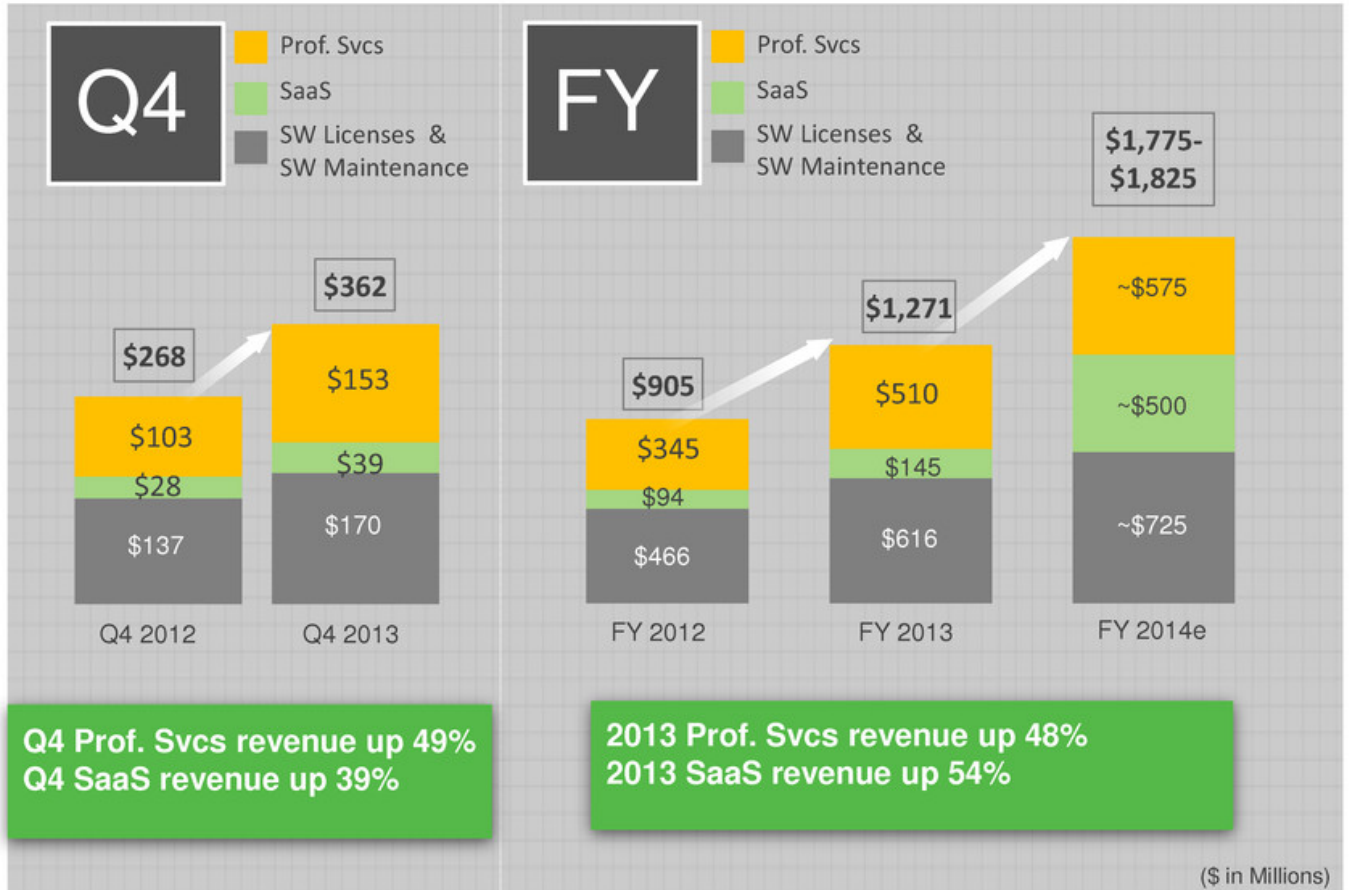
Up 42% y/y

**Achieved record<sup>(1)</sup> NPOI and strong free cash flow generation**







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

# STRONG SOFTWARE & PROF. SVCS GROWTH





# NCR LINE OF BUSINESS HIGHLIGHTS

LOB	Q4 2013	FY 2013
<b>Financial</b> 	<ul style="list-style-type: none"> <li>Record operating margin driven by favorable software mix, higher professional services revenue, and expense management</li> <li>North America order growth of 26% y/y led by strong results in Branch Transformation                             <ul style="list-style-type: none"> <li>Branch Transformation orders of \$33M</li> <li>22 new APTRA™ Interactive Services customers</li> </ul> </li> <li>Acquisitions of Digital Insight and Alaric Systems create leading FinTech software solutions portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Strong revenue &amp; order growth in Branch Transformation                             <ul style="list-style-type: none"> <li>Branch transformation orders of \$81M</li> <li>Leadership position with balanced approach</li> <li>Pilots move aggressively into large banks</li> </ul> </li> <li>Software growth in funnel, backlog and revenues</li> <li>Expanding geographic and business diversification                             <ul style="list-style-type: none"> <li>~2/3 of revenues outside North America</li> <li>Well diversified across product lines and customer segments</li> </ul> </li> </ul>
<b>Retail</b> 	<ul style="list-style-type: none"> <li>Higher mix of software revenue yields 48% y/y increase in operating income                             <ul style="list-style-type: none"> <li>Software &amp; SaaS revenues up 119% and 228% y/y; Excluding Retailix, up 25% and 80% y/y</li> </ul> </li> <li>NCR Silver reaches 4,800 customers; new release of NCR Silver 3.0</li> <li>NCR's Cornell Mayo named a leader in the 2013 RIS Software Leaderboard</li> </ul>	<ul style="list-style-type: none"> <li>Record self-checkout (SCO) &amp; point-of-sale (POS) shipment volume                             <ul style="list-style-type: none"> <li>SCO units shipped increased by 26% y/y</li> <li>POS terminals shipped increased by 15% y/y</li> </ul> </li> <li>Software &amp; SaaS y/y revenue growth of 125% and 230%                             <ul style="list-style-type: none"> <li>Excluding Retailix, growth of 29% and 80% y/y</li> </ul> </li> <li>Retailix performance ahead of Company expectations                             <ul style="list-style-type: none"> <li>Led by software/SaaS revenue growth</li> <li>Exceeded revenue, operating income and cost synergies plan</li> </ul> </li> </ul>
<b>Hospitality</b> 	<ul style="list-style-type: none"> <li>Revenues up 17%; growth across all theaters</li> <li>33% increase in North America SMB revenues</li> <li>Software &amp; SaaS revenue growth of 10% and 19%; SaaS application sites up 24%</li> <li>Expansion in South America (Johnny Rockets, Juan Valdez Café)</li> </ul>	<ul style="list-style-type: none"> <li>28% SaaS revenue growth y/y</li> <li>Continued focus on North America SMB market                             <ul style="list-style-type: none"> <li>37% revenue growth</li> </ul> </li> <li>Continued investment in sales and software development                             <ul style="list-style-type: none"> <li>Fast adoption of new SaaS products (such as Pulse Real-time) lead to margin expansion</li> </ul> </li> </ul>
<b>Emerging Industries</b> 	<ul style="list-style-type: none"> <li>Turning the corner for growth</li> <li>Revenue growth of 31% y/y                             <ul style="list-style-type: none"> <li>Telecom &amp; Technology revenue up 24%                                     <ul style="list-style-type: none"> <li>First increase in 5 quarters</li> </ul> </li> <li>Travel revenue up 62%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Telecom &amp; Technology                             <ul style="list-style-type: none"> <li>New customer wins, file value and backlog growth</li> </ul> </li> <li>Travel                             <ul style="list-style-type: none"> <li>Significant partnerships, customer wins &amp; market share gains (i.e., China)</li> <li>Record 43.7M mobile barcodes, up 67% y/y</li> </ul> </li> </ul>



# TRANSFORMING FINANCIAL SERVICES

## Completed Acquisitions of Digital Insight and Alaric Systems





### Strategic Rationale

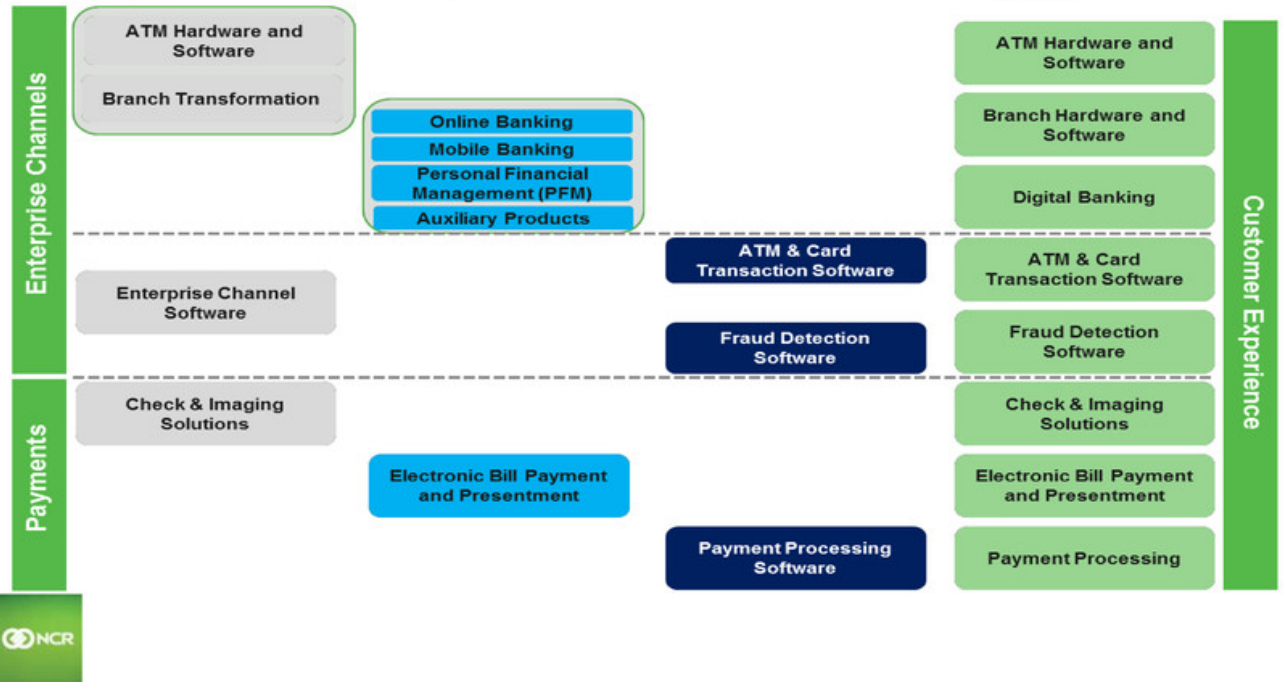
- Completes fully integrated omni-channel portfolio
- Furthers high-margin software revenue and adds market-leading SaaS platform
- Positions NCR for long-term growth, greater recurring revenue, accelerated margin expansion and earnings appreciation

### Financial Impact\*

- Digital Insight 2014 Revenue forecast of \$350-360M
- Digital Insight 2014 Operating Income forecast of \$85-90M, including ~\$10M of duplicative costs

\* Based on closing date of Jan.10, 2014 for Digital Insight acquisition

 +  +  = 



# ACQUISITION UPDATE

## Retalix

### OBJECTIVE:

**Leadership in omni-channel retail solutions** enabling effortless transactions across multiple touch points and channels.

### PROGRESS:

- **Exceeded Company expectations**
  - Q4 2013 revenue of \$86M and operating income of \$14M
  - FY 2013 revenue of \$298M and operating income of \$53M
  - FY 2013 pre-tax cost synergies of \$12M
- Strong customer and market acceptance with growing sales funnel
- Bidding on larger customer initiatives, inclusive of our entire portfolio of software, services and hardware
- Several new wins in Q4 2013, including those that are the direct result of the combination of NCR and Retalix



### OBJECTIVE:

- Uniquely **positions NCR software** within the FinTech industry, creating an end-to-end technology platform for seamless banking services across both physical and digital channels
- Demonstrates commitment to be the **global leader in omni-channel retail banking transformation** enabling effortless transactions across multiple touch points

### PROGRESS:

- Positive feedback from existing Digital Insight customers on the power of NCR's omni-channel banking solutions
- Early wins, from customers who endorse this strategy, include OceanFirst Bank and LegacyTexas Bank
- Employee engagement remains a top priority, with a focus on supporting the Digital Insight team to maintain customer satisfaction
- As strategic priorities are set, we will incorporate the talented people and innovation into NCR's Financial Services business

## 2014: Our Reinvention Continues; *On a Solid Foundation*

### **Further strengthening & diversification of our operating assets**

- All Lines of Business are poised for growth, higher margins and improved balance i.e., geographic, product mix
- We will noticeably “*move the needle*” on software/SaaS and Services growth
- We will continue our strong track record of acquisition integration

### **Revenue growth, gross margin expansion & improving the Customer Experience remain at the forefront of our strategic priorities**

- Our 2014 guidance is consistent with a high-performing technology company
- We will continue to invest in becoming in “*the*” Customer Experience leader
- Maintain our focus on Continuous Improvement; improving productivity, efficiency & quality
- Investments in innovation and people will advance our burgeoning culture

### **Pension is in the rearview mirror; *mission accomplished***

- Global underfunded position below \$100M exiting 2013
- Much improved overall reduction in pension liability, positive impact on cash flow and lower expense (completed move to mark-to-market accounting)
- Phase 3 closes this chapter

### **The “new” NCR is poised to lead the Consumer Transaction Technologies segment**

- We now enable ~500,000,000 transactions per day
- We are a global leader in omni-channel & omni-commerce solutions
- We are one of the largest SaaS companies in the world
- We have global and multi-industry experience/leadership



**NCR's Reinvention is gaining global recognition**



# FINANCIAL PERFORMANCE & GUIDANCE

February 6, 2014



# Q4 & FULL-YEAR OPERATIONAL RESULTS

	For the Periods Ended December 31					
	Three Months			Twelve Months		
	2013	2012	% Change	2013	2012	% Change
<b>Revenue</b>	\$1,670	\$1,642	2% <sup>(1)</sup> / 4% <sup>(2)</sup>	\$6,123	\$5,730	7% <sup>(1)</sup> / 9% <sup>(2)</sup>
<b>Operational Gross Margin</b>	484	433	12%	1,745	1,536	14%
<b>Operational Gross Margin Rate</b>	29.0%	26.4%		28.5%	26.8%	
<b>Expenses (non-GAAP)</b>	263	252	4%	1,028	947	9%
<b>% of Revenue</b>	15.7%	15.3%		16.8%	16.5%	
<b>NPOI</b>	221	181	22%	717	589	22%
<b>% of Revenue</b>	13.2%	11.0%		11.7%	10.3%	
<b>Non-GAAP Diluted EPS<sup>(3)</sup></b>	\$0.83	\$0.72	15%	\$2.81	\$2.49	13%

\$ millions, except per share amounts



(1) As reported.

(2) On a constant currency basis.

(3) Effective tax rate of 25% in Q4 2013, 28% in Q4 2012, 22% in FY2013 and 25% in FY2012.

# Q4 & FULL-YEAR GAAP RESULTS

	For the Periods Ended December 31					
	Three Months			Twelve Months		
	2013	2012	% Change	2013	2012	% Change
<b>Revenue</b>	\$1,670	\$1,642	2%	\$6,123	\$5,730	7%
<b>Gross Margin</b>	530	574	(8%)	1,740	1,645	6%
<b>Gross Margin Rate</b>	31.7%	35.0%		28.4%	28.7%	
<b>Expenses</b>	233	163	43%	1,074	897	20%
<b>% of Revenue</b>	14.0%	9.9%		17.5%	15.7%	
<b>Income from Operations<sup>(1)</sup></b>	297	411	(28%)	666	748	(11%)
<b>% of Revenue</b>	17.8%	25.0%		10.9%	13.1%	
<b>GAAP Diluted EPS<sup>(1)</sup></b>	\$1.21	\$1.45	(17%)	\$2.67	\$2.90	(8%)

\$ millions, except per share amounts



(1) Decrease primarily related to lower pension benefit in 2013 compared to 2012. Pension benefit of \$99M in Q4 2013, \$254M in Q4 2012, \$78M in FY 2013 and \$224M in FY 2012.

# REVENUE BY SEGMENT

	For the Periods Ended December 31							
	Three Months				Twelve Months			
	2013	2012	% Change	% Change (Constant Currency)	2013	2012	% Change	% Change (Constant Currency)
<b>Financial Services</b>	\$ 852	\$ 921	(7)%	(5)%	\$3,115	\$3,201	(3)%	(1)%
<b>Retail Solutions</b>	536	490	9%	12%	\$2,034	\$1,667	22%	25%
<b>Hospitality</b>	176	150	17%	18%	626	522	20%	21%
<b>Emerging Industries</b>	106	81	31%	33%	348	340	2%	3%
<b>Total Revenue</b>	<b>\$ 1,670</b>	<b>\$ 1,642</b>	<b>2%</b>	<b>4%</b>	<b>\$6,123</b>	<b>\$5,730</b>	<b>7%</b>	<b>9%</b>

\$ millions





# OPERATING INCOME BY SEGMENT

	For the Periods Ended December 31			
	Three Months		Twelve Months	
	2013	2012	2013	2012
<b>Financial Services</b>	\$ 111	\$ 100	\$ 356	\$ 327
<b>% of Revenue</b>	13.0%	10.9%	11.4%	10.2%
<b>Retail Solutions</b>	65	44	205	102
<b>% of Revenue</b>	12.1%	9.0%	10.1%	6.1%
<b>Hospitality</b>	26	22	100	85
<b>% of Revenue</b>	14.8%	14.7%	16.0%	16.3%
<b>Emerging Industries</b>	19	15	56	75
<b>% of Revenue</b>	17.9%	18.5%	16.1%	22.1%
<b>NPOI</b>	\$ 221	\$ 181	\$ 717	\$ 589
<b>% of Revenue</b>	13.2%	11.0%	11.7%	10.3%

\$ millions

## FREE CASH FLOW (FCF)

		2014e	2013
<b>NPOI</b>		<b>\$900 - \$920</b>	<b>\$717</b>
<b>plus:</b>	Depreciation and Amortization <sup>(1)</sup>	~155	143
<b>less:</b>	Cash Taxes	~(90) - (95)	(70)
<b>less:</b>	Capital Expenditures	~(250) - (260)	(226)
<b>less:</b>	Pension Contributions <sup>(2)</sup>	~(70)	(79)
<b>less:</b>	Working Capital <sup>(3)</sup> Change	~(65)	(48)
<b>less:</b>	Interest Paid	~(175)	(71)
<b>less:</b>	Other <sup>(4)</sup>	~(75) - (90)	(159)
<b>FCF</b>		<b>~\$300-350</b>	<b>\$207</b>
<b>FCF as % of NPOI</b>		<b>33-38%</b>	<b>29%</b>

\$ millions

(1) Excludes amortization of intangibles of ~\$121M in 2014 and \$65M in 2013.

(2) Excludes discretionary pension contributions and settlements.

(3) Includes accounts receivable, inventory, accounts payable and deferred revenue.

(4) Other includes stock compensation, acquisition related costs, discontinued operations and other items.



# FREE CASH FLOW GENERATION

		2014e	2013
Free Cash Flow (FCF)		~\$300 - \$350	\$207
plus:	Pension	70	79
plus:	Discontinued Ops	45-55	52
plus:	Acquisition-related costs	25-35	43
<b>Adjusted FCF</b>		<b>~\$440-\$510</b>	<b>\$381</b>

\$ millions

# DEBT

	Amount Outstanding Dec. 31, 2013 <sup>(1)</sup>	Pro Forma Digital Insight Acquisition	Maturity	Interest Rate
Term Loan A	\$1,115	\$1,365	Jul-18	LIBOR + 2.25%
Revolving Credit (\$850M)	-	300	Jul-18	LIBOR + 2.25%
<b>Total Senior Secured Debt</b>	<b>\$1,115</b>	<b>\$1,665</b>		

4.625% Senior Notes Due 2021	500	500	Feb-21	4.63%
5.00% Senior Notes Due 2022	600	600	Jul-22	5.00%
5.875% Senior Notes Due 2021	400	400	Dec-21	5.88%
6.375% Senior Notes Due 2023	700	700	Dec-23	6.38%
Other Debt	39	39	various	various
<b>Total Debt</b>	<b>\$3,354</b>	<b>\$3,904</b>		

2014 interest expense expected to be ~\$185 million <sup>(2)</sup>

Cash	528	528
Restricted Cash	1,114	-
<b>Total Net Debt (including Restricted Cash)</b>	<b>\$1,712</b>	<b>\$3,376</b>

\$ millions

**Goal for Debt / Adjusted EBITDA <sup>(3)</sup> under 3x over the next 12 to 24 months**

- (1) Debt outstanding includes \$1.1 Billion of Senior Notes issued in December 2013 to finance a portion of the acquisition of Digital Insight.
- (2) Includes ~\$11 million of deferred financing fee amortization.
- (3) Adjusted EBITDA is defined as non-pension operating income plus depreciation and amortization (excluding acquisition-related amortization of intangibles) plus stock-based compensation.



# PENSION UPDATE

	2011	2012	2013	
<b>Pension Assets</b>	\$4.7B	\$5.2B	\$5.0B <sup>(1)</sup>	
<b>Pension Liability</b>	\$6.1B	\$5.7B	\$5.1B	
<b>Pension Funded Status</b>	\$(1.4B)	\$(0.5B)	\$(0.1B)	
<b>Pension Contributions<sup>(2)</sup></b>	\$125M	\$152M	\$79M	Expected to be \$70M in 2014 and \$50M in 2015
<b>Pension Expense (Benefit)<sup>(3)</sup></b>	\$582M	\$(224M)	\$(78M)	Expected to be \$10M of pension expense in 2014.

(1) Approximately 97% in fixed income in the U.S.; 76-77% globally.

(2) Excludes discretionary pension contributions of \$600M in 2012 and \$204M in 2013.

(3) Includes Q4 mark to market adjustment of \$570M in 2011, \$(262M) in 2012 and \$(104M) in 2013. The 2014 estimate excludes the impact of any mark to market adjustments.



# FY 2014 GUIDANCE\*

	2014e	2013
Revenue	12-14% growth	\$6,123
Income from Operations (GAAP) <sup>(1)</sup>	\$730 - \$750	\$666
Non-pension Operating Income (NPOI)	\$900 - \$920	\$717
Diluted EPS (GAAP) <sup>(1)</sup>	\$2.36 - \$2.46	\$2.67
Non-GAAP Diluted EPS <sup>(2)</sup>	\$3.00 - \$3.10	\$2.81

\$ in millions, except per share amounts

\* 2014 guidance includes the impact of the acquisitions of Digital Insight and Alaric Systems.

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

(2) 2014 guidance includes expected OIE of \$200M, which incorporates \$185M of interest expense, a 26% tax rate and a share count of 172M. 2013 results include OIE of \$112M, which incorporates \$103M of interest expense, a 22% tax rate and a share count of 169M.



# 2014 SEGMENT REVENUE GUIDANCE

Line of Business	2014e Revenue Growth
<b>Financial Services</b> Financial Services excluding Digital Insight	15-17% 4-5%
<b>Retail</b>	8-10%
<b>Hospitality</b>	12-15%
<b>Emerging Industries</b>	10-14%
<b>Total</b>	12-14%



## Q1 2014 GUIDANCE

	Q1 2014e	Q1 2013
Income from Operations (GAAP)	\$105 - \$115	\$85
Non Pension Operating Income (Non-GAAP)	\$155 - \$165	\$129 <sup>(1)</sup>
Tax rate	25%	16% <sup>(2)</sup>
Other expense	~ \$50	\$19

\$ millions



(1) Includes \$13M benefit related to change in the severance policy in the U.S. in Q1 2013.

(2) Includes \$16M benefit related to U.S. extenders tax legislation for 2012 signed into law in January of 2013.



## 2014 Goals

Continue steady execution, commitment to innovation, and deliver differentiation and value to customers

Execute against megatrends informing our businesses

Position lines of business to grow faster than overall markets

Further expand software/SaaS and services contribution and improve margin profile

Improve Free Cash Flow generation and working capital

Use strong, growing NPOI to de-lever the balance sheet

Implement next stage of cost reduction initiatives and complete final stages of pension strategy





**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 the related presentation materials will include non-GAAP measures in an effort to provide additional useful information regarding NCR's financial results. NCR's management evaluates the Company's results excluding certain items, such as pension expense and the effect of foreign currency translation, to assess the financial performance of the Company and believes this information is useful for investors because it provides a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with NCR's past reports of financial results. In addition, management uses certain of these measures to manage and determine effectiveness of its business managers and as a basis for incentive compensation. NCR management's calculation 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. The reconciliations of non-GAAP measures to comparable GAAP measures and other related information on the following slides are also available on the Investor Relations page of NCR's website at [www.ncr.com](http://www.ncr.com).

# NON-GAAP MEASURES

**NPOI, Non-GAAP EPS, Operational Gross Margin, Operational Gross Margin Rate, and Expenses (non-GAAP).** The non-GAAP income from operations (i.e., non-pension operating income, or NPOI), non-GAAP earnings per share, operational gross margin, operational gross margin rate and expenses (non-GAAP) included in these materials exclude the impact of pension expense and certain special items. Due to the significant change in its pension expense from year to year and the non-operational nature of pension expense and these special items, including amortization of acquisition related intangibles, NCR's management uses these non-GAAP measures to evaluate year-over-year operating performance and to better assess NCR's core operating results. NCR may, in addition, segregate special items from its GAAP results from time to time to reflect the ongoing earnings per share performance of the company. NCR also uses non-pension operating income and non-GAAP earnings per share to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR determines non-pension operating income based on its GAAP income (loss) from operations excluding pension expense and special items.

**Free Cash Flow and Adjusted Free Cash Flow.** Free cash flow (or FCF) and adjusted free cash flow do not have uniform definitions under GAAP. 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, less additions and adjusted free cash flow to capitalized software and plus pension discretionary 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.

**Constant Currency.** 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.

# NON-GAAP RECONCILIATIONS

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

	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>Q1 2014</u>	<u>Q1 2013</u>
Income from Operations (GAAP)	\$297	\$411	\$730 - \$750	\$666	\$748	\$105 - 115	\$85
Pension Expense (Benefit)	(99)	(254)	10	(78)	(224)	1	7
Acquisition-Related Amortization of Intangibles	17	9	121	65	38	29	14
Acquisition-Related Costs	2	11	35	46	23	18	16
Acquisition-Related Purchase Price Adjustment	3	--	3	15	--	1	6
OFAC and FCPA Investigations <sup>(1)</sup>	1	4	1	3	4	1	1
<b>Non-Pension Operating Income (non-GAAP)</b>	<b>\$221</b>	<b>\$181</b>	<b>\$900 - \$920</b>	<b>\$717</b>	<b>\$589</b>	<b>\$155 - 165</b>	<b>\$129</b>

\$ in millions



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

# NON-GAAP RECONCILIATIONS

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

	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>
Diluted EPS (GAAP)	\$1.21	\$1.45	\$2.36 - \$2.46	\$2.67	\$2.90
Pension Expense (Benefit)	(0.41)	(0.82)	0.03	(0.34)	(0.72)
Acquisition-Related Amortization of Intangibles	0.07	0.04	0.47	0.29	0.15
Acquisition-Related Costs	0.03	0.04	0.13	0.21	0.10
Acquisition-Related Purchase Price Adjustment	0.01	--	0.01	0.06	--
OFAC and FCPA Investigations <sup>(1)</sup>	0.01	0.01	-	0.01	0.01
Impairment Charge and Related Valuation Allowance	--	--	--	--	0.05
Japan Valuation Allowance Release	(0.09)	--	--	(0.09)	--
<b>Non-GAAP Diluted EPS</b>	<b>\$0.83</b>	<b>\$0.72</b>	<b>\$3.00 – \$3.10</b>	<b>\$2.81</b>	<b>\$2.49</b>



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

# NON-GAAP RECONCILIATIONS

	Gross Margin (GAAP) to Gross Margin excluding Pension and Special Items (non-GAAP)				Gross Margin as a % of Revenue (GAAP) to Gross Margin as a % of Revenue excluding Pension and Special Items (non-GAAP)				
	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	
Gross Margin (GAAP)	\$530	\$574	\$1,740	\$1,645	Gross Margin as a % of Revenue (GAAP)	31.7%	35.0%	28.4%	28.7%
Pension Expense (Benefit)	(58)	(146)	(46)	(128)	Pension Expense (Benefit)	(3.4)%	(8.9)%	(0.7)%	(2.2)%
Acquisition-Related Amortization of Intangibles	9	5	36	19	Acquisition-Related Amortization of Intangibles	0.5%	0.3%	0.6%	0.3%
Acquisition-Related Purchase Price Adjustment	3	--	15	--	Acquisition-Related Purchase Price Adjustment	0.2%	--	0.2%	--
<b>Gross Margin Excluding Pension and Special Items (non-GAAP)</b>	<b>\$484</b>	<b>\$433</b>	<b>\$1,745</b>	<b>\$1,536</b>	<b>Gross Margin as a % of Revenue excluding Pension and Special Items (non-GAAP)</b>	<b>29.0%</b>	<b>26.4%</b>	<b>28.5%</b>	<b>26.8%</b>

\$ in millions

# NON-GAAP RECONCILIATIONS

## Operating Expenses (GAAP) to Operating Expenses excluding Pension and Special Items (non-GAAP)

	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>
Operating Expenses (GAAP)	\$233	\$163	\$1,074	\$897
Pension (Expense) Benefit	41	108	32	96
Acquisition-Related Amortization of Intangibles	(8)	(4)	(29)	(19)
Acquisition-Related Costs	(2)	(11)	(46)	(23)
OFAC and FCPA Investigations <sup>(1)</sup>	(1)	(4)	(3)	(4)
<b>Operating Expenses Excluding Pension and Special Items (non-GAAP)</b>	<b>\$263</b>	<b>\$252</b>	<b>\$1,028</b>	<b>\$947</b>

\$ in millions



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



# NON-GAAP RECONCILIATIONS

## Cash Provided by Operating Activities (GAAP) to Free Cash Flow (non-GAAP)

	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>FY 2012</u>
Cash Provided by Operating Activities (GAAP)	\$265	\$100	\$(180)
Net capital expenditures	(71)	(49)	(160)
Cash Used In Discontinued Operations	(1)	(29)	(114)
Pension discretionary contributions and settlements	124	100	600
<b>Free Cash Flow (non-GAAP)</b>	<b>\$317</b>	<b>\$122</b>	<b>\$146</b>

\$ in millions

# NON-GAAP RECONCILIATIONS

## Cash Provided by Operating Activities (GAAP) to Free Cash Flow (non-GAAP)

	<u>FY 2013</u>	<u>FY 2014</u>
Cash Provided by Operating Activities (GAAP)	\$281	\$595 - \$625
Net capital expenditures	(226)	(250) - (260)
Cash Used In Discontinued Operations <sup>(1)</sup>	(52)	(45) - (55)
Pension discretionary contributions and settlements <sup>(2)</sup>	204	20
<b>Free Cash Flow (non-GAAP)</b>	<b>\$207</b>	<b>\$300 - \$350</b>
Pension contributions excluding discretionary contributions and settlements	79	70
Cash used in discontinued operations	52	45 - 55
Acquisition related costs	43	25 - 35
<b>Adjusted Free Cash Flow (non-GAAP)</b>	<b>\$381</b>	<b>\$440 - \$510</b>

\$ in millions

(1) The total amount of cash used in or provided by discontinued operations in 2014 will be affected by, among other things, the amount and timing of payments by NCR's co-obligors, insurers and indemnification parties and the timing and outcome of litigation, in the Fox River and Kalamazoo River matters.

(2) NCR may, in connection with the previously announced third phase of its pension strategy, make one or more discretionary contributions over the next two years, but no such additional contributions are scheduled.

# NON-GAAP RECONCILIATIONS

Revenue Growth % (GAAP) to Constant Currency Revenue Growth % (non-GAAP)		
	<u>Q4 2013</u>	<u>FY 2013</u>
Revenue growth % (GAAP)	2%	7%
Unfavorable foreign currency fluctuation impact	2%	2%
<b>Constant currency revenue growth % (non-GAAP)</b>	<b>4%</b>	<b>9%</b>

