

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 26, 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 April 26, 2016, the Company issued a press release setting forth its first quarter 2016 financial results along with its fiscal year 2016 financial outlook and its second 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 April 26, 2016, the Company will hold its previously announced conference call to discuss its first quarter 2016 results, its fiscal year 2016 financial outlook and its second 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 April 26, 2016
99.2	Supplemental materials, dated April 26, 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

Senior Vice President and Chief Financial Officer

Date: April 26, 2016

Index to Exhibits

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<u>Exhibit No.</u>	<u>Description</u>
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99.2	Supplemental materials, dated April 26, 2016



April 26, 2016

NCR Announces First Quarter 2016 Results

- **NCR exceeds earnings expectations and improves Software and Services mix**
- **Strategic omni-channel wins in the quarter**
- **Return of capital to stockholders on track**
- **2016 full year revenue and earnings per share guidance raised**

DULUTH, Ga. - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2016. First quarter revenue of \$1.44 billion was down 2% year-over-year. Excluding the impact of foreign currency, first quarter revenue was slightly up. First quarter diluted EPS (non-GAAP) of \$0.38 was down from \$0.43, and GAAP diluted EPS of \$0.16 was down from \$0.23. First quarter diluted EPS (non-GAAP) included \$0.04 of negative impact relating to unfavorable foreign currency and pension expense.

“Our first quarter results either met or exceeded our expectations and mark a good start to 2016,” said Chairman and CEO Bill Nuti. “We generated revenue growth in Software and Services due to improved traction in our strategic solutions, global Omni-Channel leadership, and getting off to a fast start with regard to our business transformation initiative. We saw significant growth in our self checkout business, despite continued macroeconomic challenges and new product introduction in the remainder of our Hardware segment. Looking ahead, we remain excited about the growing Omni-Channel market and our customers' focus on solving for the issues they are facing. Our focus remains centered on helping our customers strengthen and grow their businesses by powering how they connect, interact and transact with consumers in continuously evolving markets.”

In this release, we use certain non-GAAP measures including presenting certain measures on a constant currency basis. These measures include operating gross margin, free cash flow and others with the words "non-GAAP" in their titles. These non-GAAP measures are listed, described and reconciled to their most directly comparable GAAP measures under the heading "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.

First Quarter 2016 Operating Results

Revenue First quarter revenue of \$1.44 billion was down 2% year-over-year. On a constant currency basis, first quarter revenue was slightly up.

- *Software* Revenue increased 1% to \$419 million from \$414 million. On a constant currency basis, first quarter Software revenue was up 3%.
- *Services* Revenue increased 4% to \$543 million from \$523 million. On a constant currency basis, first quarter Services revenue was up 8%.
- *Hardware* Revenue decreased 11% to \$482 million from \$539 million. On a constant currency basis, first quarter Hardware revenue was down 9%.

Gross Margin First quarter gross margin of \$380 million decreased from \$390 million. First quarter gross margin (non-GAAP) of \$396 million decreased from \$407 million, with a decrease in Hardware partially offset by an increase in Services.

Expenses First quarter operating expenses of \$279 million decreased from \$295 million. First quarter operating expenses (non-GAAP) of \$257 million decreased from \$261 million.

Operating Income First quarter operating income of \$101 million increased from \$95 million. First quarter operating income (non-GAAP) of \$139 million decreased from \$146 million. First quarter operating income (non-GAAP) was negatively impacted by an additional \$5 million of pension expense.

Other (Expense) First quarter other (expense) of \$56 million increased from \$51 million. First quarter other (expense) includes \$4 million for the write-off of deferred financing fees as a result of the amendment of the credit facility.

Income Tax Expense First quarter income tax expense of \$13 million increased from \$2 million. First quarter income tax expense (non-GAAP) of \$22 million increased from \$20 million.

Net Income from Continuing Operations Attributable to NCR First quarter net income from continuing operations attributable to NCR of \$32 million decreased from \$40 million. First quarter net income from continuing operations attributable to NCR (non-GAAP) of \$61 million decreased from \$73 million. The decrease is primarily due to an additional \$5 million of pension expense and the write-off of \$4 million of deferred financing fees.

Free Cash Flow First quarter cash provided by operating activities of \$23 million decreased from \$79 million. Free cash outflow was \$29 million in the first quarter of 2016 as compared to free cash flow of \$24 million. The decrease was due to higher working capital as we plan for increased revenues later in the year.

Share Repurchase Program NCR repurchased approximately 8.6 million shares of its common stock for approximately \$213 million during the first quarter under its previously disclosed authorized share repurchase programs.

2016 Outlook

In 2016, revenue is now expected to be \$6.25 billion to \$6.35 billion (previous guidance \$6.1 billion to \$6.2 billion), GAAP diluted earnings per share is expected to be \$2.25 to \$2.35 (previous guidance \$2.20 to \$2.30), non-GAAP diluted earnings per share is expected to be \$2.90 to \$3.00 (previous guidance \$2.85 to \$2.95), and free cash flow is expected to be \$425 million to \$475 million (same as previous guidance). The 2016 guidance includes the impact of the pending divestiture of the Interactive Printer Solutions business, expected foreign currency headwinds, and ongoing pension expense.

For the second quarter of 2016, revenue is expected to be \$1.56 billion to \$1.58 billion, GAAP diluted earnings per share is expected to be \$0.42 to \$0.47, and non-GAAP diluted earnings per share is expected to be \$0.60 to \$0.65. The second quarter 2016 guidance includes the impact of the pending divestiture of the Interactive Printer Solutions business, expected foreign currency headwinds and ongoing pension expense.

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

2016 First Quarter Earnings Conference Call

A conference call is scheduled for today at 4:30 p.m. (EDT) to discuss the first quarter 2016 results and guidance for second 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 866-719-0110 and entering the participant passcode 6421324.

More information on NCR's Q1 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 consumer transaction technologies, 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 30,000 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 omni-channel opportunities for NCR and its customers; expectations for the growth of revenue in future quarters in 2016; market and economic conditions affecting NCR and its business and NCR’s full-year and second 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, and economic and market conditions in Russia, China and emerging markets; 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; 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.

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), Income Tax Expense (non-GAAP), and Net Income Attributable to Continuing Operations (non-GAAP). NCR’s non-GAAP diluted earnings per share, gross margin (non-GAAP), operating expenses (non-GAAP), operating income (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 gross margin, expenses, income (loss) from operations, income tax expense and net income attributable to continuing operations.

Due to the non-operational nature of these 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 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. NCR presents certain measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation. Due to the continuing strengthening of the U.S. dollar against foreign currencies and the overall variability of foreign exchange rates from period to period, NCR’s management uses these measures on a constant currency basis to evaluate period-over-period operating performance. Measures presented on a constant currency basis are calculated by translating prior period results at current period monthly average exchange rates.

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

\$ in millions	Q1 2016 Actual	Q1 2015 Actual
Gross Margin (GAAP)	\$ 380	\$ 390
Restructuring/Transformation Costs	—	1
Acquisition-related amortization of intangibles	16	16
Operating Gross Margin (Non-GAAP)	\$ 396	\$ 407

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

\$ in millions	Q1 2016 Actual	Q1 2015 Actual
Operating Expenses (GAAP)	\$ 279	\$ 295
Restructuring/Transformation Costs	(4)	(15)
Acquisition-related amortization of intangibles	(16)	(16)
Acquisition-related costs	(2)	(2)
OFAC and FCPA Investigations	—	(1)
Operating Expenses (Non-GAAP)	\$ 257	\$ 261

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

\$ in millions	Q1 2016 Actual	Q1 2015 Actual
Income from Operations (GAAP)	\$ 101	\$ 95
Restructuring/Transformation Costs	4	16
Acquisition-related costs	2	2
Acquisition-related amortization of intangibles	32	32
OFAC and FCPA Investigations ⁽²⁾	—	1
Operating Income (Non-GAAP)	\$ 139	\$ 146

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

\$ in millions	Q1 2016 Actual	Q1 2015 Actual
Income Tax Expense (GAAP)	\$ 13	\$ 2
Restructuring/Transformation Costs	(1)	5
Acquisition-related costs	1	1
Acquisition-related amortization of intangibles	9	11
OFAC and FCPA Investigations ⁽²⁾	—	1
Income Tax Expense (Non-GAAP)	\$ 22	\$ 20

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

\$ in millions	Q1 2016 Actual	Q1 2015 Actual
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$ 32	\$ 40
Restructuring/Transformation Costs	5	11
Acquisition-related costs	1	1
Acquisition-related amortization of intangibles	23	21
Net Income from Continuing Operations Attributable to NCR (Non-GAAP)	\$ 61	\$ 73

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

	Q1 2016 Actual	Q1 2015 Actual	2016 Guidance ⁽³⁾	Q2 2016 Guidance ⁽³⁾
Diluted Earnings Per Share (GAAP) ⁽¹⁾	\$ 0.16	\$ 0.23	\$2.25 - \$2.35	\$0.42 - \$0.47
Restructuring/Transformation Costs	0.03	0.07	0.10	0.03
Acquisition-related amortization of intangibles	0.14	0.12	0.50	0.14
Acquisition-related costs	0.01	0.01	0.05	0.01
Loss on pending sale of IPS business	—	—	—	—
Non-GAAP Diluted Earnings Per Share (non-GAAP) ⁽¹⁾	\$ 0.38	\$ 0.43	\$2.90 - \$3.00	\$0.60 - \$0.65

⁽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⁾ 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.

⁽³⁾ Except for the adjustments noted herein as well as the pending divestiture of the IPS 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.

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

\$ in millions	2016 Guidance
Net cash provided by operating activities	\$675 - \$725
Total capital expenditures	(220)
Net cash used in discontinued operations	(30)
Free cash flow	\$425 - \$475

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

	Three months ended March 31, 2016		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non-GAAP)
Software	1%	(2)%	3%
Services	4%	(4)%	8%
Hardware	(11)%	(2)%	(9)%
Total Revenue	(2)%	(2)%	—%



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

Schedule A

	For the Periods Ended March 31	
	Three Months	
	2016	2015
Revenue		
Products	\$ 548	\$ 604
Services	896	872
Total Revenue	1,444	1,476
Cost of products	442	483
Cost of services	622	603
Total gross margin	380	390
% of Revenue	26.3%	26.4%
Selling, general and administrative expenses	224	225
Research and development expenses	53	55
Restructuring-related charges	2	15
Income from operations	101	95
% of Revenue	7.0%	6.4%
Interest expense	(46)	(44)
Other (expense), net	(10)	(7)
Total other (expense), net	(56)	(51)
Income (loss) before income taxes and discontinued operations	45	44
% of Revenue	3.1%	3.0%
Income tax expense (benefit)	13	2
Income (loss) from continuing operations	32	42
(Loss) income from discontinued operations, net of tax	—	—
Net income (loss)	32	42
Net income attributable to noncontrolling interests	—	2
Net income (loss) attributable to NCR	\$ 32	\$ 40
Amounts attributable to NCR common stockholders:		
Income (loss) from continuing operations	\$ 32	\$ 40
Dividends on convertible preferred stock	(11)	—
Income (loss) from continuing operations attributable to NCR common stockholders	21	40
(Loss) income from discontinued operations, net of tax	—	—
Net income (loss) attributable to NCR common stockholders	\$ 21	\$ 40
Net income (loss) per share attributable to NCR common stockholders:		
Net income (loss) per common share from continuing operations		
Basic	\$ 0.16	\$ 0.24
Diluted	\$ 0.16	\$ 0.23
Net income (loss) per common share		
Basic	\$ 0.16	\$ 0.24
Diluted	\$ 0.16	\$ 0.23
Weighted average common shares outstanding		
Basic	130.4	169.0
Diluted	132.7	171.6



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

Schedule B

	For the Periods Ended March 31			
	Three Months			
	2016	2015	% Change	% Change Constant Currency
Revenue by segment				
Software	\$ 419	\$ 414	1 %	3 %
Software Gross Margin Rate	50.4 %	51.0 %		
Services	543	523	4 %	8 %
Services Gross Margin Rate	20.4 %	20.8 %		
Hardware	482	539	(11)%	(9)%
Hardware Gross Margin Rate	15.4 %	16.1 %		
Total Revenue	\$ 1,444	\$ 1,476	(2)%	— %
Gross Margin Rate	27.4 %	27.6 %		
Operating income by segment				
Software	\$ 115	\$ 117		
% of Revenue	27.4 %	28.3 %		
Services	34	36		
% of Revenue	6.3 %	6.9 %		
Hardware	(10)	(7)		
% of Revenue	(2.1)%	(1.3)%		
Subtotal-segment operating income	\$ 139	\$ 146		
% of Revenue	9.6 %	9.9 %		
Other adjustments ⁽¹⁾	38	51		
Total income from operations	\$ 101	\$ 95		

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

In millions	For the Periods Ended March 31			
	Three Months			
	2016		2015	
Restructuring / transformation costs	\$ 4		\$ 16	
Acquisition-related amortization of intangible assets		32		32
Acquisition-related costs		2		2
OFAC and FCPA investigations		—		1
Total other adjustments	\$ 38		\$ 51	



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

Schedule C

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 333	\$ 328
Accounts receivable, net	1,306	1,251
Inventories	725	643
Other current assets	341	327
Total current assets	2,705	2,549
Property, plant and equipment, net	302	322
Goodwill	2,742	2,733
Intangibles, net	769	798
Prepaid pension cost	131	130
Deferred income taxes	577	582
Other assets	526	521
Total assets	\$ 7,752	\$ 7,635
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$ 250	\$ 13
Accounts payable	649	657
Payroll and benefits liabilities	174	189
Deferred service revenue and customer deposits	509	476
Other current liabilities	402	446
Total current liabilities	1,984	1,781
Long-term debt	3,269	3,239
Pension and indemnity plan liabilities	702	696
Postretirement and postemployment benefits liabilities	132	133
Income tax accruals	169	167
Other liabilities	139	79
Total liabilities	6,395	6,095
Redeemable noncontrolling interests	10	16
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.8 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	809	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 March 31, 2016 and December 31, 2015	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 124.9 and 133.0 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	1	1
Paid-in capital	—	—
Retained earnings	687	869
Accumulated other comprehensive loss	(158)	(150)
Total NCR stockholders' equity	530	720
Noncontrolling interests in subsidiaries	8	6
Total stockholders' equity	538	726
Total liabilities and stockholders' equity	\$ 7,752	\$ 7,635



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

Schedule D

	For the Periods Ended March 31	
	Three Months	
	2016	2015
Operating activities		
Net income	\$ 32	\$ 42
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89	76
Stock-based compensation expense	13	9
Deferred income taxes	5	4
Gain on sale of property, plant and equipment and other assets	—	(1)
Impairment of long-lived and other assets	1	14
Changes in assets and liabilities:		
Receivables	(52)	(46)
Inventories	(83)	(21)
Current payables and accrued expenses	(31)	(83)
Deferred service revenue and customer deposits	97	110
Employee benefit plans	(14)	(21)
Other assets and liabilities	(34)	(4)
Net cash provided by operating activities	23	79
Investing activities		
Expenditures for property, plant and equipment	(9)	(13)
Additions to capitalized software	(31)	(38)
Other investing activities, net	(8)	(6)
Net cash used in investing activities	(48)	(57)
Financing activities		
Short term borrowings, net	(9)	2
Payments on term credit facilities	(56)	(19)
Payments on revolving credit facilities	(180)	(273)
Borrowings on revolving credit facilities	511	248
Debt issuance costs	(8)	—
Repurchases of Company common stock	(213)	—
Proceeds from employee stock plans	3	6
Tax withholding payments on behalf of employees	(6)	(9)
Net cash (used in) provided by financing activities	42	(45)
Cash flows from discontinued operations		
Net cash used in discontinued operations	(12)	(4)
Effect of exchange rate changes on cash and cash equivalents	—	(22)
Increase (decrease) in cash and cash equivalents	5	(49)
Cash and cash equivalents at beginning of period	328	511
Cash and cash equivalents at end of period	\$ 333	\$ 462



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

Schedule E

	2015				
	Q1	Q2	Q3	Q4	Total
Revenue by segment					
Software	\$ 414	\$ 440	\$ 434	\$ 459	\$ 1,747
Software Gross Margin Rate	51.0 %	51.4%	51.8%	53.2%	51.9%
Services	523	542	563	590	2,218
Services Gross Margin Rate	20.8 %	21.8%	21.7%	22.7%	21.8%
Hardware	539	622	616	631	2,408
Hardware Gross Margin Rate	16.1 %	19.5%	20.5%	21.2%	19.4%
Total Revenue	\$ 1,476	\$ 1,604	\$ 1,613	\$ 1,680	\$ 6,373
Gross Margin Rate	27.6 %	29.0%	29.3%	30.5%	29.1%
Operating income by segment					
Software	\$ 117	\$ 130	\$ 135	\$ 157	\$ 539
% of Software Revenue	28.3 %	29.5%	31.1%	34.2%	30.9%
Services	36	48	49	61	194
% of Services Revenue	6.9 %	8.9%	8.7%	10.3%	8.7%
Hardware	(7)	22	30	42	87
% of Hardware Revenue	(1.3)%	3.5%	4.9%	6.7%	3.6%
Subtotal-segment operating income	\$ 146	\$ 200	\$ 214	\$ 260	\$ 820
% of Revenue	9.9 %	12.5%	13.3%	15.5%	12.9%
Other adjustments ⁽¹⁾	51	466	46	122	685
Total income from operations	\$ 95	\$ (266)	\$ 168	\$ 138	\$ 135

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

In millions	2015				
	Q1	Q2	Q3	Q4	Total
Restructuring / transformation costs	\$ 16	\$ 8	\$ 12	\$ 38	\$ 74
Acquisition-related amortization of intangible assets	32	31	31	31	125
Acquisition-related costs	2	3	2	4	11
Loss on terminated contract receivable	—	—	—	20	20
OFAC and FCPA investigations	1	—	—	—	1
Pension mark-to-market adjustments	—	424	1	29	454
Total other adjustments	\$ 51	\$ 466	\$ 46	\$ 122	\$ 685



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

Schedule F

	2014				
	Q1	Q2	Q3	Q4	Total
Revenue by segment					
Software	\$ 395	\$ 446	\$ 430	\$ 477	\$ 1,748
Software Gross Margin Rate	51.9%	53.6%	50.7%	54.9%	52.9%
Services	553	575	567	577	2,272
Services Gross Margin Rate	19.3%	21.2%	21.3%	20.6%	20.6%
Hardware	570	637	650	714	2,571
Hardware Gross Margin Rate	21.4%	21.5%	21.1%	21.4%	21.4%
Total Revenue	\$ 1,518	\$ 1,658	\$ 1,647	\$ 1,768	\$ 6,591
Gross Margin Rate	28.6%	30.0%	28.9%	30.2%	29.5%
Operating income by segment					
Software	\$ 105	\$ 134	\$ 122	\$ 165	\$ 526
% of Software Revenue	26.6%	30.0%	28.4%	34.6%	30.1%
Services	28	43	48	46	165
% of Services Revenue	5.1%	7.5%	8.5%	8.0%	7.3%
Hardware	21	31	34	40	126
% of Hardware Revenue	3.7%	4.9%	5.2%	5.6%	4.9%
Subtotal-segment operating income	\$ 154	\$ 208	\$ 204	\$ 251	\$ 817
% of Revenue	10.1%	12.5%	12.4%	14.2%	12.4%
Other adjustments ⁽¹⁾	46	39	163	216	464
Total income from operations	\$ 108	\$ 169	\$ 41	\$ 35	\$ 353

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

In millions	2014				
	Q1	Q2	Q3	Q4	Total
Restructuring / transformation costs	\$ —	\$ —	\$ 127	\$ 33	\$ 160
Acquisition-related amortization of intangible assets	30	30	29	30	119
Acquisition-related costs	14	6	5	2	27
Acquisition-related purchase price adjustments	3	2	1	—	6
OFAC and FCPA investigations	1	1	—	1	3
Pension mark-to-market adjustments	(2)	—	1	150	149
Total other adjustments	\$ 46	\$ 39	\$ 163	\$ 216	\$ 464



Q1 2016 EARNINGS CONFERENCE CALL

**BILL NUTI, PRESIDENT, CEO AND CHAIRMAN
BOB FISHMAN, CFO**

April 26, 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 momentum in selling its omni-channel solutions and the expected growth of its omni-channel solutions; expectations for the growth of revenue in future quarters in 2016; expectations for the growth of NCR's strategic solutions, including its Branch, Store and Restaurant Transformation solutions and the revenue from those solutions; NCR's Q2 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; expectations for the timing of the consummation of the sale of NCR's Interactive Printer Solutions business; NCR's expected revenue, operating income and earnings per share trending for 2016; and foreign currency fluctuations and their impact on NCR's results. 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 April 26, 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), expenses (non-GAAP), adjusted EBITDA, income tax expense (non-GAAP), net income (non-GAAP) and selected measures expressed on a 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 (including changes to the treatment of ongoing pension expenses in the calculation of certain of these 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 terms "cloud" and "cloud revenue" are used to describe NCR's software-as-a-service offerings and the revenue associated therewith 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.



Q1 UPDATE

Q1 off to a **SOLID** start

Continued momentum in **OMNI-CHANNEL**

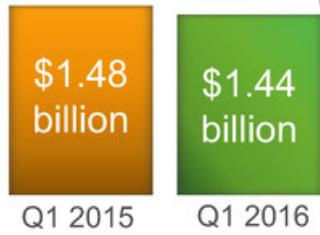
Business **TRANSFORMATION** Initiative
Fast Start

RAISING 2016 revenue & EPS guidance



Q1 2016 FINANCIAL RESULTS

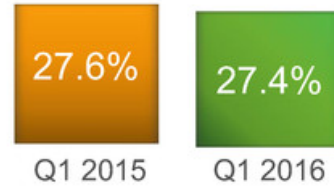
REVENUE



FX Impact
~(\$35M)

Revenue down 2% y/y, slightly up CC
Recurring revenue up 3% y/y, up 7% CC,
48% of total revenue

OPERATIONAL GROSS MARGIN



FX Impact
~40 bps

Down 20 bps y/y, down ~60 bps CC

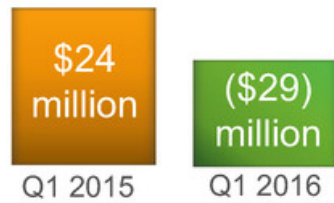
NON-GAAP EPS



FX Impact
~(\$-)

Non-GAAP EPS down 12% y/y CC;
Pension and OIE negative impacts of (\$0.04)

FREE CASH FLOW



FCF as expected due to higher working capital to
support increased revenue in later quarters

Q1 OPERATIONAL RESULTS

	Q1 2016	Q1 2015	As Reported	Constant Currency
Revenue	\$1,444	\$1,476	(2)%	—%
Gross Margin (non-GAAP)	396	407	(3)%	(3)%
Gross Margin Rate (non-GAAP)	27.4%	27.6%	(20) bps	(60) bps
Operating Expenses (non-GAAP)	257	261	(2)%	1%
% of Revenue	17.8%	17.7%		
Operating Income (non-GAAP) ⁽¹⁾	139	146	(5)%	(6)%
% of Revenue	9.6%	9.9%	(30) bps	(60) bps
Interest and other expense ⁽²⁾	(56)	(51)	10%	8%
Income Tax Expense (non-GAAP)	22	20	10%	
Income Tax Rate	27%	21%		
Net Income (non-GAAP)	\$61	\$73	(16)%	(16)%
Diluted EPS (non-GAAP) ⁽³⁾	\$0.38	\$0.43	(12)%	(12)%

(1) Q1 2016 includes \$5 million of additional pension expense.

\$ millions, except per share amounts

(2) Q1 2016 includes a \$4 million non-cash charge related to the write-off of deferred financing fees.

(3) Q1 2016 includes a \$0.04 unfavorable EPS impact related to the items described in notes (1) and (2) above. Diluted share count of 160 million in Q1 2016 and 172 million in Q1 2015.



Q1 GAAP RESULTS

	Q1 2016	Q1 2015	% Change
Revenue	\$1,444	\$1,476	(2)%
Gross Margin	380	390	(3)%
Gross Margin Rate	26.3%	26.4%	
Operating Expenses	279	295	(5)%
% of Revenue	19.3%	20.0%	
Income from Operations ⁽¹⁾	101	95	6%
% of Revenue	7.0%	6.4%	
Interest and other expense ⁽²⁾	(56)	(51)	10%
Income Tax Expense	13	2	550%
Income Tax Rate	29%	5%	
GAAP Net Income	\$32	\$40	(20)%
GAAP Diluted EPS ⁽³⁾	\$0.16	\$0.23	(30)%

(1) Q1 2016 includes \$5 million of additional pension expense.

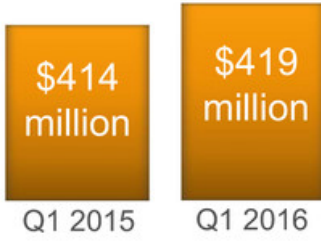
\$ millions, except per share amounts

(2) Q1 2016 includes a \$4 million non-cash charge related to the write-off of deferred financing fees.

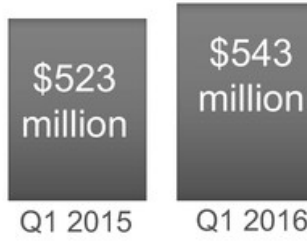
(3) Q1 2016 includes a \$0.04 unfavorable EPS impact related to the items described in notes (1) and (2) above.

Q1 REVENUE BY SEGMENT

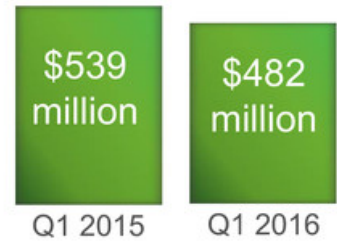
SOFTWARE REVENUE



SERVICES REVENUE

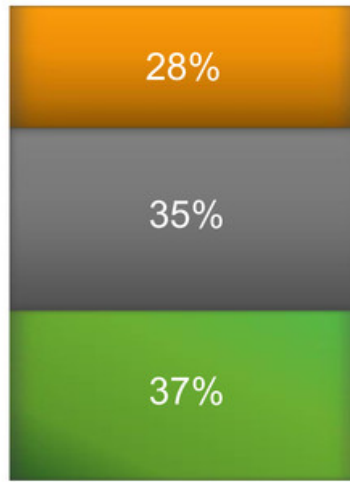


HARDWARE REVENUE



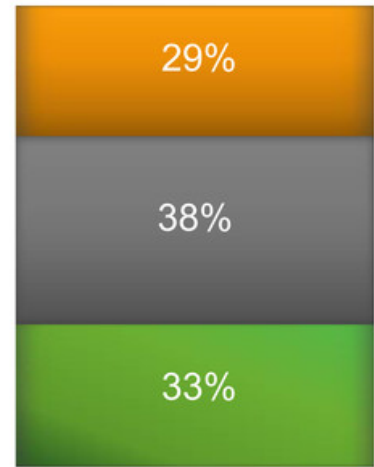
- Software
- Services
- Hardware

REVENUE
\$1,476M



Q1 2015

REVENUE
\$1,444M



Q1 2016



SOFTWARE

Q1 2016 Update



Financial Results

	Q1 2016	Q1 2015	% Change	% Change Constant Currency
Software License	\$66	\$65	2%	3%
<i>Unattached % of License</i>	56%	55%	+ 100 bps	
Software Maintenance	93	84	11%	13%
Cloud	134	134	—%	—%
Professional Services	126	131	(4)%	(2)%
Software Revenue	\$419	\$414	1%	3%
Non-GAAP Gross Margin	\$211	\$211	—%	2%
Non-GAAP Gross Margin Rate	50.4%	51.0%	(60) bps	(30) bps
Operating Income	\$115	\$117	(2)%	1%
Operating Income as a % of Revenue	27.4%	28.3%	(90) bps	(60) bps

\$ in millions



Key Metrics

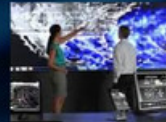
- Revenue up 1% as reported and up 3% CC
 - Software License revenue up 3% CC; negatively impacted by software attach on lower ATM sales
 - Software Maintenance revenue up 13% CC due to Software License revenue growth in prior periods
 - Cloud revenue flat due to prior period headwinds; Growth in net annual contract value driving revenue growth later in the year
 - Professional Services (PS) revenue down 2% CC due to lower backlog starting the year
- Operating income down \$2M, driven by higher revenue offset by software mix and \$2M of higher expenses

Business Highlights

- Strategic omni-channel wins across the businesses
- Strong performance in strategic solutions including Branch, Store and Restaurant Transformation, Unified Commerce, and Payments & Security
- PS orders strong in the first quarter benefiting from omni-channel wins
- Strong cloud application growth in the hospitality industry

SERVICES

Q1 2016 Update



Financial Results

	Q1 2016	Q1 2015	% Change	% Change Constant Currency
Services Revenue	\$543	\$523	4%	8%
Non-GAAP Gross Margin	\$111	\$109	2%	5%
Non-GAAP Gross Margin Rate	20.4%	20.8%	(40) bps	(60) bps
Operating Income	\$34	\$36	(6)%	(2)%
Operating Income as a % of Revenue	6.3%	6.9%	(60) bps	(60) bps

\$ in millions

Key Metrics

- Revenue up 4% as reported and up 8% CC
 - Strong growth in hardware maintenance, managed and implementation services
- Operating income down \$2M due to higher revenue offset by lower margins on implementation services revenue and \$4M higher expenses

Business Highlights

- Managed and implementation services growth due to our focus on improving the customer experience in Channel Integration and Transformation
- Growth in third party implementation services
- New higher margin Services Offers driving growth
- Spare parts fulfillment improved due to creation of new regional logistics hub
- Improved Big Data analytics due to system consolidation, enabling customer calls to be handled more efficiently
- Services file value up year-over-year



HARDWARE

Q1 2016 Update



Financial Results

	Q1 2016	Q1 2015	% Change	% Change Constant Currency
ATM's	\$226	\$282	(20)%	(17)%
Self-Checkout (SCO)	45	28	61%	61%
Point-of-Sale (POS)	132	146	(10)%	(9)%
Interactive Printer Solutions (IPS)	79	83	(5)%	(3)%
Hardware Revenue	\$482	\$539	(11)%	(9)%
Non-GAAP Gross Margin	\$74	\$87	(15)%	(17)%
Non-GAAP Gross Margin Rate	15.4%	16.1%	(70) bps	(160) bps
Operating Income	(\$10)	(\$7)	(43)%	(472)%
Operating Income as a % of Revenue	(2.1%)	(1.3%)	(80) bps	(180) bps

\$ in millions



Key Metrics

- Revenue down 11% as reported and down 9% CC
 - ATM revenue down 17% CC; Strong ATM backlog entering Q2
 - SCO revenue up significantly due to upgrade cycle and Store Transformation
 - POS revenue lower as POS shifts to SCO; POS growth in restaurants driven by new wins, customer growth and product refreshes
- Operating income down \$3M due to lower revenue and gross margin rate; Gross margin rate negatively impacted by higher initial expenses associated with new ATM product family and macroeconomic challenges; Negative operating income in Q1 due to seasonally lower revenue and fixed cost base

Business Highlights

ATM's

- Strategic agreement announced with Wells Fargo
- Largest NCR deals ever signed in U.S. CFI and Mexico
- New ATM product family launched in Q1

SCO

- Global demand driven by Store Transformation growth, expansion into new markets (i.e., Russia), refresh cycle to new platform, and changes in labor rates

POS

- Strong store and restaurant customer acceptance to new product offerings

Q1 REVENUE BY REGION

	Q1 2016	Q1 2015	% Change	% Change Constant Currency
Americas	\$819	\$799	3%	5%
Europe, Middle East Africa	427	456	(6)%	(3)%
Asia Pacific	198	221	(10)%	(6)%
Total Revenue	\$1,444	\$1,476	(2)%	—%

\$ in millions

FREE CASH FLOW

	Q1 2016	Q1 2015	FY 2016e	FY 2015
Cash Provided by Operating Activities	\$23	\$79	\$675 - \$725	\$681
Net capital expenditures	(40)	(51)	(220)	(229)
Cash used in Discontinued Operations	(12)	(4)	(30)	(43)
Free Cash Flow	(\$29)	\$24	\$425 - \$475	\$409
Free Cash Flow as a % of non-GAAP net income			~95%	85%

\$ in millions



NET DEBT & EBITDA METRICS

	FY 2014	FY 2015	Q1 2016 ⁽¹⁾
Debt	\$3,618	\$3,252	\$3,519
Cash	(511)	(328)	(333)
Net Debt	\$3,107	\$2,924	\$3,186
Adjusted EBITDA	\$963	\$1,005	\$1,008 ⁽¹⁾
Net Debt / Adjusted EBITDA	3.2x	2.9x	3.2x

\$ in millions, except metrics

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

Q2 2016 GUIDANCE

\$ millions, except per share amounts	Q2 2016e	Q2 2015
Revenue ⁽¹⁾	\$1,560 - \$1,580	\$1,604
Diluted EPS (GAAP)	\$0.42 - \$0.47	(\$2.03)
Diluted EPS (non-GAAP) ^{(2) (3)}	\$0.60 - \$0.65	\$0.66

⁽¹⁾ Assuming the sale of Interactive Printer Solutions at end of May 2016, revenue growth is expected to be approximately flat as reported and up 2% constant currency.

⁽²⁾ For Q2 2016, we expect \$0.02 of negative EPS impact from unfavorable foreign currency headwinds and higher pension expense.

⁽³⁾ For Q2 2016, we have assumed OIE of \$50 million, an effective tax rate of 28% and a share count of 154 million compared to OIE of \$45 million, an effective tax rate of 27% and a share count of 172 million in Q2 2015.

FY 2016 GUIDANCE

	2016 Revised Guidance	2016 Prior Guidance *	2015
Revenue ⁽¹⁾	\$6,250 - \$6,350	\$6,100 - \$6,200	\$6,373
Diluted EPS (GAAP)	\$2.25 - \$2.35	\$2.20 - \$2.30	(\$0.94)
Diluted EPS (non-GAAP)	\$2.90 - \$3.00	\$2.85 - \$2.95	\$2.76
Free Cash Flow	\$425 - \$475	\$425 - \$475	\$409

* Prior guidance provided on March 7, 2016.

\$ in millions, except per share amounts

⁽¹⁾ Assuming the sale of Interactive Printer Solutions at end of May 2016, normalized revenue growth approximately 2-3% as reported and up 3-4% constant currency.

⁽²⁾ For the 2016 revised guidance, we expect \$0.10 of negative EPS impact from unfavorable foreign currency headwinds and higher pension expense.

⁽³⁾ For the 2016 revised guidance, we have assumed OIE of \$205 million to \$210 million (previous OIE guidance of \$200 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	FY 2015
Software	4 - 5%	\$1,800 - \$1,825	\$1,747
Services	3 - 4%	\$2,240 - \$2,270	2,218
Hardware ⁽¹⁾	1 - 3%	\$2,210 - \$2,255	2,408
Total	3 - 4%	\$6,250 - \$6,350	\$6,373

\$ in millions

⁽¹⁾ The 2016 expected growth rate has been adjusted for the impact of expected unfavorable foreign currency and pending sale of the Interactive Printer Solutions business. The pending sale of IPS is expected to close at the end of May 2016 and will impact the Hardware segment. We have excluded approximately 7 months of revenue of \$210 million in 2015.



REVENUE, OI AND EPS TRENDING

	First Half		Second Half	
	\$	% of Total	\$	% of Total
Revenue				
2016 Guidance (mid-point)	\$3,014	48%	\$3,286	52%
Last 3 years	\$3,067	48%	\$3,295	52%
Last year	\$3,080	48%	\$3,293	52%
Operating Income (non-GAAP)				
2016 Guidance (mid-point)	\$324	39%	\$501	61%
Last 3 years	\$341	43%	\$445	57%
Last year	\$346	42%	\$474	58%
Diluted EPS (non-GAAP)				
2016 Guidance (mid-point)	\$1.01	34%	\$1.94	66%
Last 3 years	\$1.16	42%	\$1.60	58%
Last year	\$1.09	40%	\$1.66	60%

\$ in millions, except per share amounts



Q1 SUMMARY

- Q1 results met or exceeded internal/external expectations

- Incrementally more positive due to solid orders, software mix, higher backlog and a fast start on transformation initiatives

- Continued maturation of omni-channel validated by:
 - Order and revenue growth directly attributed to Branch, Store and Restaurant Transformation
 - Omni-Channel software wins
 - Strategic relationship with Wells Fargo

- Poised at the forefront of Digital Transformations and Channel Integration & Transformation

- Confidence in full year 2016; Revenue and EPS guidance raised



**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), 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, GAAP gross margin, gross margin rate, expenses and effective tax rate.

Due to the non-operational nature of these 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 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.



NON-GAAP MEASURES

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

Constant Currency. NCR presents certain measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation. Due to the continuing strengthening of the U.S. dollar against foreign currencies and the overall variability of foreign exchange rates from period to period, NCR's management uses these measures on a constant currency basis to evaluate period-over-period operating performance. Measures presented on a constant currency basis are calculated by translating prior period results at current period monthly average exchange rates.

NCR management's definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their corresponding GAAP measures in the following slides 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	2014	2015	Q1 2016 LTM
Net Income from Continuing Operations Attributable to NCR (GAAP)	\$181	(\$154)	(\$162)
Pension Mark-to-Market Adjustments	149	454	454
Restructuring/Transformation Costs	163	74	62
Acquisition-Related Amortization of Intangibles	119	125	125
Acquisition-Related Purchase Price Adjustment	6	—	—
Acquisition-Related Costs	27	11	11
Reserve related to a subcontract in MEA	—	20	20
Loss on Pending Sale of IPS Business	—	34	34
OFAC and FCPA Investigations ⁽¹⁾	3	1	—
Net Income from Continuing Operations Attributable to Noncontrolling Interests	4	4	2
Interest Expense	181	173	175
Interest Income	(6)	(5)	(5)
Depreciation and Amortization	153	171	180
Income Taxes	(48)	55	66
Stock Compensation Expense	31	42	46
Adjusted EBITDA (non-GAAP)	\$963	\$1,005	\$1,008

⁽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

Q1 2016 QTD

	Q1 QTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition-related costs	Q1 QTD 2016 non-GAAP
in millions (except per share amounts)					
Product revenue	\$548	\$—	\$—	\$—	\$548
Service revenue	896	—	—	—	896
Total revenue	1,444	—	—	—	1,444
Cost of products	442	—	(10)	—	432
Cost of services	622	—	(6)	—	616
Gross margin	380	—	16	—	396
Gross margin rate	26.3%	—%	1.1%	—%	27.4%
Selling, general and administrative expenses	224	(2)	(16)	(2)	204
Research and development expenses	53	—	—	—	53
Restructuring-related charges	2	(2)	—	—	—
Total expenses	279	(4)	(16)	(2)	257
Total expense as a % of revenue	19.3%	(0.3)%	(1.1)%	(0.1)%	17.8%
Income (loss) from operations	101	4	32	2	139
<i>Income (loss) from operations as a % of revenue</i>	<i>7.0%</i>	<i>0.3%</i>	<i>2.2%</i>	<i>0.1%</i>	<i>9.6%</i>
Interest and Other (expense) income, net	(56)	—	—	—	(56)
Income (loss) from continuing operations before income taxes	45	4	32	2	83
Income tax expense (benefit)	13	(1)	9	1	22
<i>Effective tax rate</i>	<i>29%</i>				<i>27%</i>
Income (loss) from continuing operations	32	5	23	1	61
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$32	\$5	\$23	\$1	\$61
Diluted earnings per share	\$0.16	\$0.03	\$0.14	\$0.01	\$0.38

GAAP TO NON-GAAP RECONCILIATION

Q1 2016 QTD

	Q1 QTD 2016 GAAP	Q1 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)	\$32	\$61
Dividends on convertible preferred shares	(11)	—
Income (loss) from continuing operations attributable to NCR common stockholders	\$21	\$61
Weighted average outstanding shares:		
Weighted average diluted shares outstanding	132.7	132.7
Weighted as-if converted preferred shares	—	27.7
Total shares used in diluted earnings per share	132.7	160.4
Diluted earnings per share ⁽¹⁾	\$0.16	\$0.38

⁽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

Q1 2015 QTD

	Q1 2015 GAAP	Restructuring plan	Acquisition-related amortization of intangibles	Acquisition-related costs	OFAC and FCPA Investigations	Q1 2015 non-GAAP
in millions (except per share amounts)						
Product revenue	\$604	\$—	\$—	\$—	\$—	\$604
Service revenue	872	—	—	—	—	872
Total revenue	1,476	—	—	—	—	1,476
Cost of products	483	(1)	(10)	—	—	472
Cost of services	603	—	(6)	—	—	597
Gross margin	390	1	16	—	—	407
Gross margin rate	26.4%	0.1%	1.1%	—%	—%	27.6%
Selling, general and administrative expenses	225	—	(16)	(2)	(1)	206
Research and development expenses	55	—	—	—	—	55
Restructuring-related charges	15	(15)	—	—	—	—
Total expenses	295	(15)	(16)	(2)	(1)	261
Total expense as a % of revenue	20.0%	(1.0)%	(1.1)%	(0.1)%	(0.1)%	17.7%
Income (loss) from operations	95	16	32	2	1	146
Income (loss) from operations as a % of revenue	6.4%	1.1%	2.2%	0.1%	0.1%	9.9%
Interest and Other (expense) income, net	(51)	—	—	—	—	(51)
Income (loss) from continuing operations before income taxes	44	16	32	2	1	95
Income tax expense (benefit)	2	5	11	1	1	20
Effective tax rate	5%					21%
Income (loss) from continuing operations	42	11	21	1	—	75
Net income (loss) attributable to noncontrolling interests	2	—	—	—	—	2
Income (loss) from continuing operations (attributable to NCR)	\$40	\$11	\$21	\$1	\$—	\$73
Diluted earnings per share	\$0.23	\$0.07	\$0.12	\$0.01	\$—	\$0.43

GAAP TO NON-GAAP RECONCILIATION

Q2 2015 QTD

	Q2 QTD 2015 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Pension mark-to- market adjustments	Q2 QTD 2015 non-GAAP
in millions (except per share amounts)						
Product revenue	\$703	—	—	—	—	\$703
Service revenue	901	—	—	—	—	901
Total revenue	1,604	—	—	—	—	1,604
Cost of products	544	(2)	(9)	—	(10)	523
Cost of services	914	—	(7)	—	(291)	616
Gross margin	146	2	16	—	301	465
Gross margin rate	9.1%	0.1%	1.0%	—%	18.8%	29%
Selling, general and administrative expenses	339	—	(15)	(3)	(113)	208
Research and development expenses	67	—	—	—	(10)	57
Restructuring-related charges	6	(6)	—	—	—	—
Total expenses	412	(6)	(15)	(3)	(123)	265
<i>Total expense as a % of revenue</i>	<i>25.7%</i>	<i>(0.4)%</i>	<i>(0.9)%</i>	<i>(0.2)%</i>	<i>(7.7)%</i>	<i>16.5%</i>
Income (loss) from operations	(266)	8	31	3	424	200
<i>Income (loss) from operations as a % of revenue</i>	<i>(16.6)%</i>	<i>0.5%</i>	<i>1.9%</i>	<i>0.2%</i>	<i>26.4%</i>	<i>12.5%</i>
Interest and Other (expense) income, net	(45)	—	—	—	—	(45)
Income (loss) from continuing operations before income taxes	(311)	8	31	3	424	155
Income tax expense (benefit)	32	1	9	1	(2)	41
<i>Effective tax rate</i>	<i>(10)%</i>					<i>27%</i>
Income (loss) from continuing operations	(343)	7	22	2	426	114
Net income (loss) attributable to noncontrolling interests	1	—	—	—	—	1
Income (loss) from continuing operations (attributable to NCR)	(\$344)	\$7	\$22	\$2	\$426	\$113
Diluted earnings per share	(\$2.03)	\$0.04	\$0.13	\$0.01	\$2.51	\$0.66
Diluted shares outstanding	169.6					172.0

GAAP TO NON-GAAP RECONCILIATION

FY 2015

in millions (except per share amounts)	FY 2015 GAAP	Restructuring plan	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 Revised Guidance	2016 Prior Guidance	Q2 2016e
Diluted EPS (GAAP) ⁽¹⁾	\$2.25 - \$2.35	\$2.20 - \$2.30	\$0.42 - \$0.47
Restructuring Plan	0.10	0.10	0.03
Acquisition-Related Amortization of Intangibles	0.50	0.50	0.14
Acquisition-Related Costs	0.05	0.05	0.01
Non-GAAP Diluted EPS	\$2.90 - \$3.00	\$2.85 - \$2.95	\$0.60 - \$0.65

⁽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 % on a Constant Currency Basis (non-GAAP)

Q1 2016 QTD

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non- GAAP)
Software License	2%	(1)%	3%
Software Maintenance	11%	(2)%	13%
Cloud	—%	—%	—%
Professional Services	(4)%	(2)%	(2)%
Software	1%	(2)%	3%
Services	4%	(4)%	8%
ATMs	(20)%	(3)%	(17)%
Self-Checkout (SCO)	61%	—%	61%
Point-of-Sale (POS)	(10)%	(1)%	(9)%
Interactive Printer Solutions	(5)%	(2)%	(3)%
Hardware	(11)%	(2)%	(9)%
Total Revenue	(2)%	(2)%	—%

GAAP TO NON-GAAP RECONCILIATION

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

	Q1 2016 QTD		
	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non-GAAP)
Software	(2)%	(3)%	1%
Services	(6)%	(4)%	(2)%
Hardware	(43)%	429%	(472)%
Total Operating Income	(5)%	1%	(6)%

GAAP TO NON-GAAP RECONCILIATION

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

	Q1 2016 QTD		
	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non- GAAP)
Software	-90 bps	-30 bps	-60 bps
Services	-60 bps	— bps	-60 bps
Hardware	-80 bps	+100 bps	-180 bps
Total Operating Income	-30 bps	+30 bps	-60 bps



