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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): March 20, 2014 (January 10, 2014)

NCR CORPORATION
(Exact Name of Registrant as Specified in Charter)

Maryland	001-00395	31-0387920
(State or other jurisdiction of incorporation)	(Commission File Number)	(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:

☐ 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))

Amendment No. 1

NCR Corporation ("NCR" or the "Company") is filing this amendment no. 1 ("Amendment No. 1") to supplement the Current Report on Form 8-K that was filed by NCR with the Securities and Exchange Commission on January 10, 2014 (the "Original Filing"), which reported, among other things, the completion by NCR of its acquisition of Digital Insight Corporation ("Digital Insight").

The acquisition was completed pursuant to an Agreement and Plan of Merger, dated as of December 2, 2013, by and among NCR, Fandango Holdings Corporation ("Holdings"), Delivery Acquisition Corporation, a wholly owned subsidiary of NCR ("Merger Sub"), and Thoma Bravo, LLC ("Thoma Bravo") in its capacity as stockholder representative. Digital Insight is a wholly owned subsidiary of Holdings and, in the acquisition, Merger Sub was merged with and into Holdings, with Holdings as the surviving corporation. As a result, Holdings and Digital Insight became wholly owned subsidiaries of NCR.

This Amendment No. 1 supplements Item 9.01 of the Original Filing to include the historical financial statements of Digital Insight and Holdings, and the unaudited pro forma condensed combined financial information required pursuant to Rule 3-05 and Article 11 of Regulation S-X in connection with the acquisition of Digital Insight.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The following financial statements are filed as exhibits hereto and incorporated by reference herein:

The historical audited financial statements of Digital Insight, as of and for the years ended July 31, 2013 and 2012, are attached hereto as Exhibit 99.1.

The historical unaudited condensed consolidated financial statements of Holdings, as of and for the three months ended October 31, 2013 and 2012, are attached hereto as Exhibit 99.2.

Holdings was formed on June 28, 2013 as an affiliated entity of Thoma Bravo. On August 1, 2013, Digital Insight was acquired from Intuit, Inc. ("Intuit") by affiliates of Thoma Bravo and became a subsidiary of Holdings (the "Thoma Bravo Acquisition"). Financial statements for Holdings were not prepared for periods prior to the Thoma Bravo Acquisition. Periods prior to August 1, 2013 reflect the operating company level financial position, results of operations and changes in financial position of Digital Insight prior to the Thoma Bravo Acquisition, and periods after August 1, 2013 reflect the holding company level consolidated financial position, results of operations and changes in financial position of Holdings.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information for the year ended December 31, 2012 and as of and for the nine months ended September 30, 2013, are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

(c) Exhibits.

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

Exhibit No.	Description
23.1	Consent of Independent Auditors
99.1	Audited financial statements of Digital Insight Corporation as of and for the years ended July 31, 2013 and 2012
99.2	Unaudited condensed consolidated financial statements of Fandango Holdings Corporation as of and for the three months ended October 31, 2013 and 2012
99.3	Unaudited pro forma condensed combined financial statements for the year ended December 31, 2012 and as of and for the nine months ended September 30, 2013

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: March 20, 2014

EXHIBIT INDEX

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99.3	Unaudited pro forma condensed combined financial statements for the year ended December 31, 2012 and as of and for the nine months ended September 30, 2013

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-18797) pertaining to the NCR Management Stock Plan of NCR Corporation,
(2) Registration Statement (Form S-8 No. 333-18803) pertaining to the NCR Savings Plan of NCR Corporation,
(3) Registration Statement (Form S-8 No. 333-139553) pertaining to the NCR Corporation Employee Stock Purchase Plan of NCR Corporation, and
(4) Registration Statement (Form S-8 No. 333-188167) pertaining to the NCR Corporation 2013 Stock Incentive Plan, the NCR Corporation 2011 Amended and Restated Stock Incentive Plan, the NCR Corporation 2006 Stock Incentive Plan and the NCR Management Stock Plan of NCR Corporation;

of our report dated October 4, 2013, with respect to the financial statements of Digital Insight Corporation included in the Form 8-K/A of NCR Corporation.

/s/ Ernst & Young LLP

San Jose, CA
March 20, 2014

FINANCIAL STATEMENTS

Digital Insight Corporation
Years Ended July 31, 2012 and 2013
With Report of Independent Auditors

Digital Insight Corporation

Financial Statements

Years Ended July 31, 2012 and 2013

Contents

Report of Independent Auditors

The Board of Directors and Stockholder
Digital Insight Corporation

We have audited the accompanying financial statements of Digital Insight Corporation (a wholly owned subsidiary of Intuit Inc.), which comprise the balance sheets as of July 31, 2013 and 2012, and the related statements of operations, invested equity, and cash flows for each of the two years in the period ended July 31, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Digital Insight Corporation at July 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Jose, California
October 4, 2013

Digital Insight Corporation

Balance Sheets
(In Thousands)

	July 31	
	2013	**2012**
Assets		
Current assets:		
Cash and cash equivalents	**$ —**	$ 1,717
Accounts receivable, net of allowance for doubtful accounts of $30 and $42	**41,529**	40,481
Deferred costs of sales	**2,543**	2,529
Prepaid and other current assets	**1,177**	1,427
Deferred tax asset	**1,203**	2,193
Total current assets	**46,452**	48,347
Property and equipment, net	**29,261**	22,768
Goodwill	**914,293**	914,293
Intangible assets, net	**4,302**	5,583
Deferred tax asset	**433**	10,794
Deferred costs of sales, noncurrent	**4,365**	6,462
Other long-term assets	**2,491**	1,344
Total assets	**$ 1,001,597**	$ 1,009,591
Liabilities, convertible preferred stock, and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	**$ 15,940**	$ 18,756
Accrued compensation	**24,792**	18,153
Deferred revenue	**3,594**	4,168
Total current liabilities	**44,326**	41,077
Deferred revenue	**9,014**	10,441
Other liabilities	**147**	190
Total liabilities	**53,487**	51,708
Invested equity:		
Initial contributed capital	**1,351,000**	1,351,000
Accumulated deficit, less net contributions from related party - Intuit Inc.	**(402,890)**	(393,117)
Total invested equity	**948,110**	957,883
Total liabilities and invested equity	**$ 1,001,597**	$ 1,009,591

See accompanying notes.

Digital Insight Corporation

Statements of Operations

(In Thousands)

	Year Ended July 31	
	2013	**2012**
Revenue	**$ 326,523**	$ 303,975
Expenses:		
Cost of revenue	**163,424**	160,024
Selling and marketing	**60,258**	62,338
Research and development	**39,542**	36,239
General and administrative	**43,976**	40,613
Amortization of other purchased intangibles	**—**	15,220
Total costs and expenses	**307,200**	314,434
Income (loss) from continuing operations, before income taxes	**19,323**	(10,459)
Income tax benefit	**(1,023)**	(7,406)
Net income (loss)	**$ 20,346**	$ (3,053)

See accompanying notes.

Digital Insight Corporation

Statements of Invested Equity
(In Thousands)

	Initial Contributed Capital	Accumulated Deficit, Less Net Distributions From Related Party - Intuit Inc.	Total Invested Equity
Balance at July 31, 2011	$ 1,351,000	$ (364,839)	$ 986,161
Net loss	—	(3,053)	(3,053)
Net distributions to related party - Intuit Inc.	—	(25,225)	(25,225)
Balance at July 31, 2012	1,351,000	(393,117)	957,883
Net income	**—**	**20,346**	**20,346**
Net distributions to related party - Intuit Inc.	**—**	**(30,119)**	**(30,119)**
Balance at July 31, 2012	**$ 1,351,000**	**$ (402,890)**	**$ 948,110**

See accompanying notes.

Digital Insight Corporation

Statements of Cash Flows

(In Thousands)

	Year Ended July 31	
	2013	**2012**
Operating activities		
Net income (loss)	**$ 20,346**	$ (3,053)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**10,192**	11,937
Share-based compensation	**10,659**	9,255
Amortization of intangible assets	**1,281**	18,334
Loss on disposal of assets	**192**	–
Deferred income taxes	**11,351**	(892)
Changes in operating assets and liabilities:		
Accrued compensation and related liabilities	**6,640**	2,376
Deferred costs of sales	**2,083**	668
Prepaid and other current assets	**250**	(149)
Accounts payable and accrued expenses	**(2,860)**	3,405
Deferred revenue	**(2,001)**	938
Other assets	**(1,146)**	278
Accounts receivable	**(1,048)**	(2,338)
Net cash provided by operating activities	**55,939**	40,759
Investing activities		
Capitalization of internal use software	**(16,044)**	(8,920)
Capital expenditures	**(834)**	(2,662)
Net cash used in investing activities	**(16,878)**	(11,582)
Financing activities		
Distributions to related party – Intuit Inc.	**(40,778)**	(33,775)
Net cash used in financing activities	**(40,778)**	(33,775)
Net decrease in cash and cash equivalents	**(1,717)**	(4,598)
Cash and cash equivalents at beginning of year	**1,717**	6,315
Cash and cash equivalents at end of year	**$ —**	$ 1,717

See accompanying notes.

1. Summary of Significant Accounting Policies

Description of Business

In February 2007, Intuit, Inc. ("Intuit") completed the acquisition of Digital Insight Corporation ("DI"). DI provides digital (online and mobile) banking solutions to financial institutions. These services include the ability to view transaction history, account balances, check images and statements; fund transfers between accounts; inter-institutional transfers; bill payment and bill presentment; financial management, alerts, remote deposit capture, and small business solutions. Many of these services can be accessed from mobile devices.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

The financial statements of DI have been carved out of Intuit's financial statements and reflect the historical results of operations and cash flows of DI.

The financial statements include allocations of certain Intuit operating expenses incurred. The allocations may not represent the costs for the same services that DI may have incurred if it had been operated on a stand-alone basis or as an unaffiliated entity. DI's results of operations, cash flows, and financial positions may have been materially different had DI been operated on a stand-alone basis or as an unaffiliated entity. It is not practicable to determine the amount of these expenses that would have been incurred had DI operated on a stand-alone basis or as an unaffiliated entity. See Note 3 for further details on the allocations.

All cash-related activities from the operation of the business were processed through Intuit functions, and any cash funding needs of the business were advanced from Intuit on an ongoing basis. To date, DI has not repaid any net amounts advanced from Intuit and does not expect to make repayments in the future. Accordingly, net amounts advanced from Intuit have been included in "Accumulated deficit, less net contribution from related party – Intuit Inc.," which is included in invested equity.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires DI to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, revenue recognition, allowance for doubtful accounts, stock-based compensation expense, provision for income taxes, goodwill, and litigation and settlement costs. DI bases its estimates on historical experience and on assumptions that it believes are reasonable. DI assesses these estimates on a regular basis; however, actual results could materially differ from those estimates.

Revenue

DI enters into multiyear contracts with optional renewals with its customers. Through these arrangements, customers contract with DI to host online banking applications that are available to end users of the customers. These applications allow end users to perform banking functions online, including reviewing account history, paying bills, and transferring funds. The core services DI delivers are Internet Banking, Mobile Banking and Bill Pay. These services, which are generally measured based on numbers of users and executed transactions, are billed on a monthly and/or annual recurring basis and may be accompanied by implementation and/or setup fees. DI also provides its customers ancillary internet banking services.

DI's revenue is derived primarily from four sources: implementation services, recurring monthly and annual services, training services, and consulting services. DI recognizes revenue when all four revenue recognition criteria have been met:

- Persuasive evidence of an arrangement exists.
- Delivery has occurred.
- Related fees are fixed or determinable.
- Collection of related fees is probable.

Determining whether and when some of these criteria have been satisfied often involves exercising judgment and using estimates that can have a significant impact on the timing and amount of revenue DI reports. DI typically does not offer refunds of previously earned or paid amounts, rebates, rights of return, or price protection.

1. Summary of Significant Accounting Policies (continued)

Implementation Services

Implementation services include the setup of interfaces for our customers, assistance with integration of our services with the customers' applications, and dedicated support. DI bills customers up front for implementation and customization fees. DI defers the recognition of these fees and the related costs until delivery has occurred, and then recognizes the fees over the average customer life, which is currently 84 months.

Recurring Monthly and Annual Services

DI records revenue from recurring service fees for internet banking, mobile, and banking and bill pay services each month as services are provided. Service fees are billed on a monthly basis and are based on either the number of end users and/or end-user transactions, or billed as a flat monthly fee.

Optional Professional Services and Training Fees

Customers may also contract with DI for optional professional services and training services. These services are normally provided for in the contract at a specific rate per hour and then recognized as the services are performed.

Multiple-Element Arrangements

DI enters into multiple-element arrangements in which a customer may purchase a subscription and professional services.

For customer arrangements with multiple deliverables, deliverables are accounted for separately when the delivered element has value to the customer on a stand-alone basis and delivery and performance of the undelivered element are considered probable. DI allocates total consideration between the various elements based on the relative selling price method.

DI determines whether the delivered element has value to the customer on a stand-alone basis if
(i) DI sells the element on a stand-alone basis, (ii) DI's customers can use the delivered element without receipt of the undelivered element, (iii) third parties are available to deliver the services if DI is unable to deliver them, and (iv) customers or third parties have access to the technology

1. Summary of Significant Accounting Policies (continued)

and intellectual property to perform software implementations in the event that DI is unable or unwilling to complete them. Based on these criteria, DI has assessed that its professional services have stand-alone value.

DI determines the selling price for each element based on the selling price hierarchy of:
(i) vendor-specific objective evidence (“VSOE”) of fair value, (ii) third-party evidence (“TPE”), and (iii) estimated selling price (“ESP”). DI is unable to establish VSOE for any of its services, as it has not historically priced them with sufficient consistency. Also, DI is unable to establish TPE, as it does not have sufficient information regarding pricing of third-party subscription and professional services similar to its offerings. As a result, DI developed estimates of selling price based on the nature of the services, the economic and competitive environment, and the nature and magnitude of the costs incurred.

Deferred Revenue

Deferred revenue consists of payments received in advance of revenue recognition from services described above and is recognized as the revenue recognition criteria are met. For implementation fees, customers are invoiced up front and the revenue is recognized over the estimated customer life. Deferred revenue also includes certain deferred professional services fees, which are recognized in accordance with revenue recognition policy. The portion of deferred revenue DI expects to recognize during the succeeding 12-month period is recorded as current deferred revenue, and the remaining portion is recorded as noncurrent.

Deferred Cost of Sales

DI defers the costs related to implementation fees that it considers recoverable and recognizes them in cost of revenues over the customer life of 84 months, which represents the same period of recognition as the related revenue. The portion of deferred cost of sales DI expects to recognize during the succeeding 12-month period is recorded in prepaid and other current assets, and the remaining portion is recorded in other long-term assets.

During the years ended July 31, 2013 and 2012, DI capitalized $1.7 million and $2.7 million, respectively, of deferred cost and amortized $3.7 million and $3.5 million, respectively, to cost of revenue.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

DI considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of amounts on deposit with commercial banks in checking, interest-bearing, and demand money market accounts.

Leases

DI leases office spaces under noncancelable operating leases. The terms of the lease agreements provide for rental payments on a monthly basis. DI recognizes rent expense on a straight-line basis over the lease period and accrues for rent expense incurred but not yet paid.

Property and Equipment

DI's property and equipment are stated at cost, less accumulated depreciation. Depreciation is recognized on a straight-line basis and is recorded over the estimated useful lives of the respective assets of three to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life of the assets or the term of the lease.

Goodwill, Purchased Intangible Assets, and Other Long-Lived Assets

The goodwill, purchased intangible assets, and other long-lived assets acquired by Intuit in the purchase of DI are included in the financial statements of DI.

DI regularly performs reviews to determine whether the carrying values of its long-lived assets are impaired. DI reviews goodwill for impairment at least annually in the fourth fiscal quarter, or more frequently if an event occurs indicating the potential for impairment. DI reviews intangible assets that have finite useful lives and other long-lived assets when an event occurs indicating the potential for impairment. In its reviews, DI looks for facts or circumstances, either internal or external, indicating that it may not recover the carrying value of the asset. DI measures impairment losses related to long-lived assets based on the amount by which the carrying amounts of these assets exceed their fair values. DI's measurement of fair value is generally based on a blend of an analysis of the present value of estimated future discounted cash flows and a comparison of revenue and operating income multiples for companies of similar industry and/or size. DI's analysis is based on available information and on assumptions and projections that it considers to be reasonable and supportable. The discounted cash flow analysis considers

1. Summary of Significant Accounting Policies (continued)

the likelihood of possible outcomes and is based on DI's best estimate of projected future cash flows. If necessary, DI performs subsequent calculations to measure the amount of the impairment loss based on the excess of the carrying value over the fair value of the impaired assets.

DI has goodwill of $914 million reported on the accompanying balance sheets as of July 31, 2013 and 2012. DI completed its annual impairment test during the fourth quarter of the years ended July 31, 2013 and 2012, and concluded that goodwill was not impaired. Additionally, no significant impairment charges of our intangibles and other long-lived assets were recorded during the years ended July 31, 2013 and 2012.

Research and Development

DI expenses the cost of research and development as incurred. Research and development expenses consist primarily of expenses for research and development staff, the cost of third-party service providers, and allocated overhead.

Capitalized Software Costs

DI capitalizes costs related to computer software obtained or developed for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that DI customizes to meet its specific operational needs. Software developed for internal use has generally been used to deliver hosted services to our customers. Costs incurred in the application development phase are capitalized and amortized over their useful lives, which are generally three to five years. Capitalized software is reviewed for impairment when indicators of impairment are identified.

Stock-Based Compensation

DI employees participate in Intuit share-based employee compensation plans. Those share-based employee compensation plans are described in Note 7. The share-based employee compensation recorded relates to Intuit option and restricted stock unit grants and Intuit Employee Stock Purchase Plan ("ESPP") purchases for DI employees. DI amortizes the fair value of option and restricted stock unit grants on a straight-line basis over the requisite service period of the awards, which is generally the vesting period.

1. Summary of Significant Accounting Policies (continued)

Income Taxes

DI was included in Intuit's consolidated federal and certain combined state income tax returns for the years ended July 31, 2013 and 2012. As such, DI was not a separate taxable entity for
U.S. federal and certain state income tax purposes. In addition, DI did not have a written tax- sharing agreement with Intuit. The provisions for income taxes and related balance sheet accounts are presented as if DI were a separate taxpayer ("separate return method"). This method of allocating Intuit's consolidated current and deferred income taxes is systematic, rational, and consistent with the asset and liability method. The separate return method represents a hypothetical computation assuming that DI's reported revenue and expenses were incurred by a separate taxable entity. Accordingly, the reported provision for income taxes and the related balance sheet account balances (including but not limited to the net operating loss ("NOL") deferred tax assets) did not equal the amounts that were allocable to DI under the applicable consolidated federal and state tax laws. Further, as DI did not have a tax-sharing agreement in place with Intuit, the expected payable was treated as a dividend to the parent, and the expected receivable was treated as a contribution from the parent. Immediately following the separation from Intuit, the consolidated Intuit tax attributes were allocated between Intuit and DI based on the applicable tax laws.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts, and are not interest-bearing. DI maintains an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts is based on DI's customers' payment histories, current financial condition, current economic trends, and other known factors that may impact collectibility. If the financial condition of customers were to deteriorate, additional allowances may be required. Accounts receivable deemed uncollectible are charged against the allowance for doubtful accounts when identified.

Fair Value of Financial Instruments

DI measures and reports its cash equivalents, accounts receivable, deferred costs, accounts payable, accrued liabilities, and deferred revenue cost of sales at fair value. Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

1. Summary of Significant Accounting Policies (continued)

The fair value hierarchy defines a three-level valuation hierarchy for disclosure of fair value measurements as follows:

Level I – Unadjusted quoted prices in active markets for identical assets or liabilities

Level II – Inputs other than quoted prices included within Level I that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities

Level III – Unobservable inputs that are supported by little or no market activity for the related assets or liabilities

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There were no assets or liabilities that are recorded at fair value on a recurring basis as of July 31, 2013 and 2012.

2. Goodwill and Purchased Intangible Assets

As discussed in Note 1, "Goodwill, Purchased Intangible Assets, and Other Long-Lived Assets," under current accounting rules, goodwill is not amortized but is subject to annual impairment tests. The carrying value of goodwill was $914 million at July 31, 2013 and 2012, respectively.

2. Goodwill and Purchased Intangible Assets (continued)

Purchased intangible assets consisted of the following at the dates indicated:

	Amortization Period	Year Ended July 31 2013	2012
		(In Thousands)	
Customer lists	5	**$ 142,000**	$ 142,000
Less accumulated amortization		**(142,000)**	(142,000)
		—	—
Purchased technology	3	**146,060**	146,060
Less accumulated amortization		**(142,887)**	(141,934)
		3,173	4,126
Trade names	5	**10,000**	10,000
Less accumulated amortization		**(10,000)**	(10,000)
		—	—
Covenant not to compete and sue	8	**3,289**	3,289
Less accumulated amortization		**(2,160)**	(1,832)
		1,129	1,457
Purchased intangible assets		**301,349**	301,349
Accumulated amortization		**(297,047)**	(295,766)
		$ 4,302	$ 5,583

Amortization expense for the years ended July 31, 2013 and 2012, was $1.3 million and $18.3 million, respectively.

During the year ended July 31, 2012, DI recorded a credit to goodwill of $0.7 million for tax- related share-based compensation deduction benefits that were more than what was estimated at the time DI was acquired by Intuit.

2. Goodwill and Purchased Intangible Assets (continued)

Amortization of purchased technology assets is charged to amortization of purchased intangible assets in cost of product revenue. Amortization of trade name and customer list is charged to selling and marketing expense. If impairment events occur, they could accelerate the timing of purchased intangible asset charges. At July 31, 2013, DI expects amortization of its purchased intangible assets by fiscal year to be as shown in the following table (in thousands):

Year ending July 31:	
2014	$ 1,443
2015	773
2016	772
2017	758
2018	556
Total expected future amortization expense	$ 4,302

3. Transactions With Intuit

Intuit operates DI as a business unit and provides all cash collection, cash disbursement, and payroll services on behalf of DI. Intuit also provides treasury and tax services on behalf of DI. All cash-related activities from the operation of the business are processed through Intuit functions, and any cash funding needs of the business are contributed from Intuit. The resulting net balance owing to Intuit has been combined with retained deficit and presented as “Accumulated deficit, less net contributions from related party – Intuit Inc.”

Intuit provides technology support services to DI. These services provide for the secure transfer of data for transactions and provide on-line banking users account access and aggregation of accounts. This technology support team operates as part of the Intuit Central Technology Operations (“CTO”) group under the name Financial Institution Connectivity and Data Services Group (“FICDS”). The FICDS costs, which are primarily personnel and data center hosting, are allocated to the various benefiting business units, including DI. The allocation methodology is based on department-level headcount within the FICDS group and Intuit’s estimate of time spent related to each of Intuit’s business units. In addition, Data Center support costs related to these services are allocated based on an estimate of the server compute and storage capacity. The FICDS costs allocated to the DI business were $7.1 million and $7.0 million during the years ended July 31, 2013 and 2012, respectively.

3. Transactions With Intuit (continued)

Intuit's Information Technology ("IIT") group provides Data Center Operations support services to its business units. The DI business operates primarily out of three data centers. A portion of the total pool of costs for these data centers, which is inclusive of labor, contractors, depreciation, and facilities, is allocated to DI based on its actual cabinet and rack space as a share of the facilities' total cabinet and rack space. The Data Center Operations costs allocated to the DI business were $26.7 million and $29.7 million during the years ended July 31, 2013 and 2012, respectively.

Intuit office facilities and related management services are allocated to Intuit's business units. The DI business primarily operates out of four different office facilities. A portion of the total pool of costs for these facilities, which is inclusive of rent, depreciation, food service, and administration, is allocated to DI based on its actual square footage utilized as a share of the total available square footage. The facility costs allocated to the DI business were $9.4 million and
$11.3 million during the years ended July 31, 2013 and 2012, respectively.

DI resells TurboTax Online Banking ("TTOB") on behalf of Intuit's Consumer Tax group. DI charges Intuit's Consumer Tax group for the costs it estimates are necessary to recover the costs incurred to support TTOB. The TTOB cost reimbursement is based on a budget established at the end of the prior year, and amounts are reimbursed based on expected usage in each period. The TTOB cost reimbursement included in the accompanying financial statements was $6.1 million and $7.4 million during the years ended July 31, 2013 and 2012, respectively.

The financial statements also include allocations of certain Intuit corporate operating expenses, including centralized legal, accounting, human resources, information technology, marketing, and other corporate services and infrastructure costs. These allocations were principally allocated using either the ratio of DI's revenue to total revenue of Intuit or the ratio of DI's number of employees to the total number of Intuit employees, as considered appropriate. In the opinion of management of DI, the allocation method is reasonable.

3. Transactions with Intuit (continued)

The following table summarizes the total operating expense allocations by major category:

	Year Ended July 31	
	2013	2012
	(In Thousands)	
Cost of goods sold	**$ 38,863**	$ 44,462
Selling and marketing	**3,247**	3,356
Research and development	**10,749**	9,232
General and administrative	**34,027**	34,505
	$ 86,886	$ 91,555

4. Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	As of July	
	2013	2012
Prepaid expenses	**$ 1,177**	$ 1,215
Other assets	**—**	212
Total prepaid and other current assets	**$ 1,177**	$ 1,427

4. Balance Sheet Component (continued)

Property and Equipment

Property and equipment consists of the following (in thousands):

	As of July 31	
	2013	**2012**
Computer equipment	**$ 47,149**	$ 50,108
Furniture, fixtures, and equipment	**5,500**	5,714
Leasehold improvements	**13,385**	13,204
Capitalized software costs	**54,415**	43,755
Construction in progress	**9,654**	4,874
Total property and equipment	**130,103**	117,655
Less accumulated depreciation and amortization	**(100,842)**	(94,887)
Property and equipment, net	**$ 29,261**	$ 22,768

Depreciation and amortization expense during the years ended July 31, 2013 and 2012, was $10.2 million and $11.9 million, respectively. Depreciation and amortization expense for capitalized software costs during the years ended July 31, 2013 and 2012, was $5.3 million and $3.7 million, respectively.

5. Commitments and Contingencies

Operating Leases

DI leases office facilities under various operating lease agreements. The leases provide for annual rent increases and contain renewal options. Annual minimum commitments under the leases are shown in the table below. Future rental payments under noncancelable operating leases with initial terms in excess of one year are as follows (in thousands):

Year ending July 31:	
2014	$ 2,121
2015	2,160
2016	1,586
2017	983
Total minimum payments	$ 6,850

5. Commitments and Contingencies (continued)

Rental expenses from these leases are recognized on a straight-line basis through the end of the lease. Rent expense during the years ended July 31, 2013 and 2012, was $2.1 million and $2.2 million, respectively.

Indemnifications

DI generally agrees to indemnify its customers against legal claims that DI's software products infringe upon certain third-party intellectual property rights. In the event of such a claim, DI is generally obligated to defend its customer against the claim and to either settle the claim at DI's expense or pay damages that the customer is legally required to pay to the third-party claimant. In addition, in the event of an infringement, DI agrees to modify or replace the infringing product, or, if those options are not reasonably possible, to refund the cost of the software, as prorated over a period of years. To date, DI has not been required to make any payment resulting from infringement claims asserted against our customers. As such, DI has not recorded a liability for infringement costs as of July 31, 2013 and 2012.

Legal Matters

In the ordinary course of business, DI may be involved in lawsuits, claims, investigations, and proceedings consisting of intellectual property, commercial, employment, and other matters. DI will record a provision for these claims when it is both probable that a liability has been incurred and the amount of the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case. In fiscal 2013, DI entered into a settlement agreement related to a patent infringement claim against DI. The claim was settled for $1.0 million and recorded as general and administrative expense in the statement of operations during the year ended July 31, 2013.

DI believes that liabilities associated with any open claims, while possible, are not probable, and therefore DI has not recorded any accrual for any claims as of July 31, 2013. Further, any possible range of loss cannot be reasonably estimated at this time.

6. Income Taxes

DI's operating results have historically been included in Intuit's consolidated U.S. federal and state income tax returns. For purposes of these financial statements, the provision for income taxes, taxes payable and deferred income tax balances had been recorded as if DI had filed all tax returns on a separate return basis ("hypothetical carve-out basis") from Intuit. All income tax payables or receivables have been recorded as part of DI's invested equity.

DI's income (loss) from continuing operations was substantially all US income subject to US federal and state taxation.

The benefit for income taxes from continuing operations consists of the following (in thousands):

	Fiscal Years Ending July 31	
	2013	**2012**
Current income tax expense (benefit):		
Federal	**$ (7,278)**	$ (1,119)
State	**92**	(1,963)
	(7,186)	(3,082)
Deferred income tax expense (benefit):		
Federal	**5,751**	(4,232)
State	**413**	(92)
	6,164	(4,324)
Total benefit for income taxes	**$ (1,022)**	$ (7,406)

For the year ended July 31, 2013, an income tax benefit of $1.0 million was recorded on income before income tax of $19.3 million. The income tax benefit was primarily related to the release of income tax contingencies as a result of audit period closures, and the benefit associated with the research and development tax credits generated during the current year. For the year ended July 31, 2012, an income tax benefit of $7.4 million was recorded on a loss before income tax of
$10.5 million. The income tax benefit was primarily related to the loss before income taxes, release of income tax contingencies as a result of audit period closures, and the benefit associated with the research and development tax credits generated during the current year.

6. Income Taxes (continued)

Deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. DI’s significant deferred tax assets are related to net operating losses and deferred revenue that has been recognized for tax purposes. DI’s significant deferred tax liabilities are related to accelerated tax depreciation and accelerated deductions for accrued implementation costs.

DI has net operating loss carryforwards for tax purposes that may be available to offset future taxable income. These include federal net operating losses of $6.6 million, which start to expire in 2023 and various state net operating losses of approximately $20.1 million, which start to expire in 2020. Utilization of the net operating losses is subject to annual limitation. The annual limitation may result in the expiration of net operating losses before utilization.

DI was included in the Intuit consolidated federal and certain combined state income tax returns. NOL and other carryforwards were presented on a separate return method and therefore did not equal the amounts that were allocable to DI under the applicable federal and state tax laws. The table above reflects gross NOLs and tax credits for tax return basis that are different from financial statement NOLs and tax credits, primarily due to the financial statements being presented on a separate return method and netted against the corresponding uncertain tax liabilities.

DI recognizes unrecognized tax benefits in noncurrent tax liabilities. The balances of unrecognized tax benefits as of July 31, 2013 and 2012, are $1.6 million and $9.1 million.

DI recognized interest and penalties related to unrecognized tax benefits in its income tax provision. As of July 31, 2013 and 2012, DI has accrued interest of $0.1 million and
$0.8 million, respectively.

DI estimates that it is reasonably possible that the balance of unrecognized tax benefits as of July 31, 2013, may decrease by $0.4 million in the next 12 months as a result of the lapse of statutes of limitation.

7. Share-Based Incentive Programs

Description of Intuit Stock Plans

Under the Intuit 2005 Equity Incentive Plan (the "2005 Plan"), Intuit is permitted to grant incentive and non-qualified stock options, restricted stock awards, restricted stock units, and stock bonus awards to DI's employees and consultants. All options granted under the 2005 Plan through July 31, 2013, have exercise prices equal to the fair market value of Intuit stock on the date of grant. Options granted under the 2005 Plan typically vest over three years based on continued service and have a seven-year term. Restricted Stock Units ("RSUs") granted under those plans typically vest over three years based on continued service. In addition, DI employees participate in Intuit's ESPP.

Description of Intuit Employee Stock Purchase Plan

The Intuit ESPP allows eligible DI employees to make payroll deductions to purchase Intuit stock on regularly schedules purchase dates at a discount. The Intuit ESPP has been amended several times since its adoption. Offering periods under the ESPP are six months in duration and are composed of two consecutive three-month accrual periods. Shares are purchased at 85% of the lower of the closing price for Intuit common stock on the first day of the offering period or the last day of the accrual period.

Stock-Based Compensation Expense

Stock-based compensation expense consists of the following (in thousands):

	Year Ended July 31	
	2013	**2012**
Stock-based compensation:		
Cost of revenues - services	**$ 2,595**	$ 2,221
Sales and marketing	**4,107**	3,266
Research and development	**3,309**	3,203
General and administrative	**648**	565
Total stock-based compensation:	**$ 10,659**	$ 9,255

7. Share-Based Incentive Programs (continued)

Determining Fair Value

Valuation and Amortization Method. DI estimates the fair value of Intuit stock options granted using a lattice binomial model and a multiple option award approach. Intuit stock options have various restrictions, including vesting provisions and restrictions on transfer, and are often exercised prior to their contractual maturity. The use of a lattice binomial model requires the use of extensive actual employee exercise behavior and a number of complex assumptions, including the expected volatility of Intuit's stock price over the term of the options, risk-free interest rates, and expected dividends. DI amortizes the fair value of options on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

Intuit RSUs granted typically vest based on continued service. DI values these time-based Intuit RSUs at the date of grant using the intrinsic value method, adjusted for estimated forfeitures. DI amortizes the fair value of time-based Intuit RSUs on a straight-line basis adjusted for estimated forfeitures over the service period. Certain Intuit RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. DI estimates the fair value of performance-based Intuit RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria will be met, adjusted for estimated forfeitures. Each quarter DI updates its assessment of the probability that the specified performance criteria will be achieved and adjusts its estimate of the fair value of the performance-based Intuit RSUs if necessary. DI amortizes the fair values of performance-based Intuit RSUs over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. DI estimates the fair value of market-based Intuit RSUs at the date of grant using a Monte Carlo valuation methodology and amortizes those fair values over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award.

The Monte Carlo methodology that DI uses to estimate the fair value of market-based Intuit RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be achieved. Provided that the requisite service is rendered, the total fair value of the market-based Intuit RSUs at the date of grant must be recognized as compensation expense, even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria.

Expected Term. The expected term of Intuit options granted represents the period of time that they are expected to be outstanding and is a derived output of the lattice binomial model. The expected term of Intuit stock options is impacted by all of the underlying assumptions and calibration of DI's model. The lattice binomial model assumes that option exercise behavior is a

7. Share-Based Incentive Programs (continued)

function of the option's remaining vested life and the extent to which the market price of Intuit's common stock exceeds the option exercise price. The lattice binomial model estimates the probability of exercise as a function of these two variables based on the history of exercises and cancellations on all past option grants made to DI's employees.

Expected Volatility. DI estimates the volatility of Intuit common stock at the date of grant based on the implied volatility of one-year and two-year publicly traded options on Intuit common stock. DI's decision to use implied volatility was based upon the availability of actively traded options on Intuit's common stock and its assessment that implied volatility is more representative of future stock price trends than historical volatility.

Risk-Free Interest Rate. DI bases the risk-free interest rate that is use in the Intuit option valuation model on the implied yield in effect at the time of option grant on constant maturity
U.S. Treasury issues with equivalent remaining terms.

Dividends. Prior to July 2011, Intuit paid no cash dividends on Intuit common stock and did not anticipate paying any cash dividends, so an expected dividend yield of zero was used in the Intuit option valuation model. In July 2011, Intuit determined that it was probable that it would pay quarterly cash dividends in the future, and as a result, Intuit began using an annualized expected dividend yield in its option valuation model. Intuit paid quarterly cash dividends during fiscal 2012 and currently expect to continue to pay cash dividends in the future.

Forfeitures. DI estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. DI uses historical data to estimate pre-vesting option forfeitures and records share-based compensation expense only for those awards that are expected to vest.

DI used the following assumptions to estimate the fair value of options granted and shares purchased under the Intuit ESPP for the 12 months ended July 31, 2013 and 2012:

	Stock Options Year Ended July 31		**Employee Stock Purchase Plan Year Ended July 31**	
	2013	2012	**2013**	2012
Expected volatility (range)	**22%–27%**	27%–33%	**20%–24%**	24%–33%
Weighted-average expected volatility	**23%**	29%	**22%**	29%
Risk-free interest rate (range)	**0.49%–1.05%**	0.43%–0.85%	**0.05%–0.11%**	0.00–0.10%
Expected dividend yield	**1.02%–1.18%**	1.02%–1.20%	**1.04%–1.17%**	1.00%–1.20%

7. Share-Based Incentive Programs (continued)

Stock Option Activity and Share-Based Compensation Expense

A summary of DI stock option activity under all Intuit share-based compensation plans was as follows for the periods indicated:

	Number of Shares	Exercise Price Per Share	Weighted-Average Exercise Price Per Share
Outstanding at July 31, 2011	1,123,339	$11.04 – 48.87	$ 32.65
Options transferred to and from DI[1]	73,766	1.88 – 47.79	7.25
Granted	95,886	55.18 – 57.60	56.5
Exercised	(443,423)	11.04 – 47.05	28.5
Canceled or expired and returned to pool, net of options from expired plans	(29,845)	26.64 – 47.79	38.83
Outstanding at July 31, 2012	819,723	1.88 – 57.60	35.18
Options transferred to and from DI[2]	**(54,381)**	**11.04 – 56.52**	**33.68**
Granted	**12,500**	**59.92**	**59.92**
Exercised	**(376,728)**	**1.88 – 56.52**	**32.76**
Canceled or expired and returned to pool, net of options from expired plans	**(40,336)**	**27.68 – 59.92**	**51.27**
Outstanding at July 31, 2013	**360,778**	**11.04 – 57.60**	**36.99**

(1) In the year ended July 31, 2012, options to purchase 122,733 shares were transferred to DI in connection with the transfer of certain Intuit Inc. employees to DI, and options to purchase 48,967 shares were transferred from DI in connection with the transfer of certain DI employees to Intuit Inc.

(2) In the year ended July 31, 2013, options to purchase 59,911 shares were transferred to DI in connection with the transfer of certain Intuit Inc. employees to DI, and options to purchase 114,292 shares were transferred from DI in connection with the transfer of certain DI employees to Intuit Inc.

The weighted-average fair value of Intuit options granted during the years ended July 31, 2013 and 2012, was $12.04 and $11.95, respectively.

7. Share-Based Incentive Programs (continued)

Options outstanding and exercisable at July 31, 2013, were as follows:

	Number of Shares	Exercise Price Per Share	Weighted-Average Exercise Price Per Share
Options outstanding	360,778	3.43	$ 36.99
Options exercisable and expected to vest	356,807	3.40	36.78
Options exercisable	296,533	2.95	33.24

DI defines in-the-money options at July 31, 2013, as options that had exercise prices lower than the $63.92 market price of Intuit's stock at that date. The aggregate intrinsic value of Intuit's options outstanding at July 31, 2013, is calculated as the difference between the exercise price of the underlying options and the market price of Intuit's common stock for the 360,778 shares that were in-the-money at that date. There were 296,533 in-the-money options exercisable at July 31, 2013. The total intrinsic value of options exercised during the year ended July 31, 2013, was $11.0 million, determined as of the date of exercise.

DI recorded $2.6 million in share-based compensation expense for stock options and purchases under Intuit ESPP for the year ended July 31, 2013. There was no tax benefit recognized related to this share-based compensation expense on a stand-alone basis. See Note 6, "Income Taxes," for further discussion. As of July 31, 2013, there was $0.2 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under all equity compensation plans. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. DI expects to recognize that cost over a weighted-average period of 0.08 years.

7. Share-Based Incentive Programs (continued)

Restricted Stock Unit Activity and Share-Based Compensation Expense

A summary of DI's RSU activity under all Intuit share-based compensation plans was as follows for the periods indicated:

	Number of Shares	**Weighted-Average Grant Date**
Nonvested at July 31, 2011	605,459	$ 37.97
RSUs transferred to and from DI[1]	8,184	32.09
Granted	177,103	55.90
Vested	(306,471)	33.25
Forfeited	(43,524)	38.40
Nonvested at July 31, 2012	440,751	48.30
RSUs transferred to and from DI[2]	**(44,079)**	**52.94**
Granted	**26,633**	**60.82**
Vested	**(207,432)**	**44.76**
Forfetied	**(41,881)**	**47.57**
Nonvested at July 31, 2013	**173,992**	**53.44**

(1) In the year ended July 31, 2012, 51,729 RSU shares were transferred to DI in connection with the transfer of certain Intuit Inc. employees to DI, and 43,545 RSU shares were transferred from DI in connection with the transfer of certain DI employees to Intuit Inc.

(2) In the year ended July 31, 2013, 34,126 RSU shares were transferred to DI in connection with the transfer of certain Intuit Inc. employees to DI, and 78,205 RSU shares were transferred from DI in connection with the transfer of certain DI employees to Intuit Inc.

The total fair value of Intuit RSUs granted during the years ended July 31, 2013 and 2012, was$1.6 million and $9.9 million, respectively.

8. Employee Benefit Plans

Executive Deferred Compensation Plan

Certain DI employees were eligible to participate in Intuit's Executive Deferred Compensation Plan, which became effective January 1, 2005. The plan was adopted to meet the requirements for deferred compensation under Section 409A of the Internal Revenue Code. The plan provides that executives who meet minimum compensation requirements are eligible to defer up to 75% of their salaries, bonuses, and commissions. DI has agreed to credit the participants' contributions with earnings that reflect the performance of certain independent investment funds. DI may also make discretionary employer contributions to participant accounts in certain circumstances. The timing, amounts, and vesting schedules of employer contributions are at the sole discretion of the Intuit Compensation and Organizational Development Committee of its Board of Directors or its delegate. The benefits under this plan are unsecured. Participants are generally eligible to receive payment of their vested benefit at the end of their elected deferral period or after termination of their employment with Intuit for any reason or at a later date to comply with the restrictions of Section 409A. Discretionary company contributions and the related earnings vest completely upon the participant's disability, death, or a change of control of Intuit. Employer contributions to the plan were not significant for any period presented.

DI liabilities related to this plan were $2.4 million and $1.3 million at July 31, 2013 and 2012, respectively. DI matched the plan liabilities with similar performing assets. These assets are recorded in other long-term assets, while liabilities related to obligations are recorded in other current liabilities on DI's balance sheets.

401(k) Plan

DI employees are eligible to participate in the Intuit Inc. 401(k) Plan. Effective January 1, 2012, DI employees who participate in the Intuit Inc. 401(k) Plan may contribute up to 30% of pretax salary to the plan, subject to limitations imposed by the Internal Revenue Code. The plan allows Intuit to make matching contributions. Beginning January 1, 2012, Intuit changed the matching formula to match employee contributions to 125% of the first 6% of employee contributions, up to a maximum matching contribution of $10,000. One hundred percent of the matching contributions vest after two years of service.

8. Employee Benefit Plans (continued)

Prior to January 1, 2012, DI employees who participate in the Intuit Inc. 401(k) plan may contribute up to 20% of pretax salary to the plan, subject to limitations imposed by the Internal Revenue Code. The plan allows Intuit to make matching contributions. Intuit's formula to match employee contributions was 150% of the first $1,000 and up to 75% of the next 6% of salary, up to a maximum of $10,000, subject to Internal Revenue Service limitations. Fifty percent of matching contributions vested after two years of service by the employee, and 100% of matching contributions vested after three years of service.

Matching contributions were $5.1 million and $4.4 million in fiscal 2013 and 2012, respectively. Participating employees who are age 50 or older may also make catch-up contributions. These contributions are not matched.

9. Restructuring

In response to certain business events that occurred during the year ended July 31, 2013, DI realigned its work force and recorded pre-tax expense of $5.0 million for the severance benefits provided to the impacted employees. The employees were notified prior to July 31, 2013, and substantially completed the separation process shortly thereafter. There were no severance benefits paid to the impacted employees prior to July 31, 2013. The severance costs were recorded as expense within the same functional expense category in which the affected employees had been assigned, and the accrued costs are reflected in accrued compensation. The restructuring charges for the year ended July 31, 2013, were expensed as follows (in thousands):

Cost of goods sold	$	1,483
Selling and marketing		1,424
Research and development		1,808
General and administrative		250
	$	4,965

10. Subsequent Events

On August 1, 2013, Intuit sold DI to a private equity firm, Thoma Bravo LLC (Thoma Bravo), for approximately $1.025 billion, of which $600 million was financed by Thoma Bravo using borrowings leveraged by the underlying assets of DI.

10. Subsequent Events (continued)

Intuit has agreed to provide certain operational services on behalf of Thoma Bravo for a transitional period, of up to a year, subsequent to the acquisition of DI.

The financial statements have been evaluated for subsequent events through October 4, 2013, which is the date the financial statements were issued.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fandango Holdings Corporation
Three Months Ended October 31, 2013 and 2012

Fandango Holdings Corporation

Condensed Consolidated Financial Statements

Three Months Ended October 31, 2013 and 2012

Contents

Fandango Holdings Corporation

Condensed Consolidated Balance Sheets

(Unaudited, In Thousands Except Per Share Amounts)

	October 31, 2013	July 31, 2013
Assets		
Current assets		
Cash and cash equivalents	**$ 98,304**	$ —
Accounts receivable, net of allowance for doubtful accounts of $37 and $30	**36,243**	41,529
Deferred cost of sales	**62**	2,543
Prepaid and other current assets	**6,037**	1,177
Deferred tax asset	**1,858**	1,203
Total current assets	**142,504**	46,452
Property and equipment, net	**21,541**	29,261
Goodwill	**652,701**	914,293
Intangible assets, net	**506,623**	4,302
Deferred tax asset	**—**	433
Deferred cost of sales, noncurrent	**360**	4,365
Other long-term assets	**21,913**	2,491
Total assets	**$ 1,345,642**	$ 1,001,597
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued expense	**$ 51,882**	$ 15,940
Accrued compensation	**7,774**	24,792
Deferred revenue	**596**	3,594
Current portion of long term debt	**3,850**	—
Total current liabilities	**64,102**	44,326
Long term debt	**596,150**	—
Deferred revenue	**1,463**	9,014
Deferred tax liability	**181,926**	—
Other liabilities	**591**	147
Total liabilities	**844,232**	53,487
Stockholders' equity		
Preferred stock par value $0.01 per share, 750 and 0 authorized, 523 and 0 issued and outstanding as of October 31, 2013 and July 31, 2013, respectively	**5**	—
Common stock par value $0.01 per share, 250,000 and 0 authorized, 97,625 and 0 issued and outstanding as of October 31, 2013 and July 31, 2013, respectively	**976**	—
Paid-in capital	**518,354**	1,351,000
Accumulated deficit, including intercompany	**(17,925)**	(402,890)
Total stockholders' equity	**501,410**	948,110
Total liabilities & stockholders' equity	**$ 1,345,642**	$ 1,001,597

See accompanying notes.

Fandango Holdings Corporation

Condensed Consolidated Statements of Operations
(Unaudited, In Thousands)

	Three Months Ended October 31	
	2013	**2012**
Revenue	**$ 80,894**	$ 80,409
Expenses:		
Cost of revenue	**$ 39,966**	$ 39,907
Selling and marketing	**12,302**	17,871
Research and development	**5,816**	8,766
General and administrative	**10,493**	12,020
Amortization of other purchased intangibles	**20,827**	—
Total expenses	**89,404**	78,564
Operating income (loss)	**(8,510)**	1,845
Interest expense	**11,448**	—
Interest and other income	**(251)**	—
Income (loss) from continuing operations, before income tax	**(19,707)**	1,845
Income tax benefit	**(5,987)**	(98)
Net (loss) income	**$ (13,720)**	$ 1,943

See accompanying notes.

Fandango Holdings Corporation

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited, In Thousands)

	Preferred Stock	Common Stock	Paid-In Capital	Accumulated Deficit, including Intercompany	Total Stockholders' Equity
Balance at July 31, 2012	$ —	$ —	$ 1,351,000	$ (393,117)	$ 957,883
Net Income	—	—	—	20,346	20,346
Net distributions to related party - Intuit Inc.	—	—	—	(30,119)	(30,119)
Balance at July 31, 2013	$ —	$ —	$ 1,351,000	$ (402,890)	$ 948,110
Balance revalued at August 1, 2013	**$ 5**	**$ 910**	**$ 518,035**	**$ (4,205)**	**$ 514,745**
Net Loss	**—**	**—**	**—**	**(13,720)**	**(13,720)**
Issuance of common stock	**—**	**66**	**319**	**—**	**385**
Balance at October 31, 2013	**$ 5**	**$ 976**	**$ 518,354**	**$ (17,925)**	**$ 501,410**

See accompanying notes.

Fandango Holdings Corporation

Condensed Consolidated Statements of Cash Flows

(Unaudited, In Thousands)

	Three months ended October 31	
	2013	**2012**
Operating Activities		
Net (loss) income	**$ (13,720)**	$ 1,943
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**1,345**	2,419
Share-based compensation expense	**—**	2,665
Amortization of intangible assets	**24,077**	64
Amortization of deferred financing costs	**1,091**	—
Deferred income taxes	**(7,415)**	—
Changes in operating assets and liabilities		
Accounts receivable	**4,571**	62
Deferred cost of sales	**(422)**	729
Prepaid expenses and other assets	**(610)**	279
Accounts payable and accrued expense	**31,347**	(188)
Accrued compensation	**2,396**	(2,591)
Deferred revenue	**1,149**	(1,537)
Other assets and liabilities	**215**	(143)
Net cash provided by operating activities	**44,024**	3,702
Investing Activities		
Capitalization of internal use software	**(4,919)**	(5,789)
Capital expenditures	**(4,664)**	(527)
Net cash used in investing activities	**(9,583)**	(6,316)
Financing Activities		
Contributions from related party - Intuit	**—**	5,553
Issuance of common stock	**385**	—
Refund of debt issuance cost	**3,798**	—
Net cash provided by financing activities	**4,183**	5,553
Increase in cash and cash equivalents	**38,624**	2,939
Cash and cash equivalents at the beginning of the period	**59,680**	1,717
Cash and cash equivalents at the end of the period	**$ 98,304**	$ 4,656

See accompanying notes.

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

In February 2007, Intuit, Inc. (“Intuit”) completed the acquisition of Digital Insight Corporation (“DI”). DI was combined with Intuit’s other existing financial institutions group to form Intuit’s Financial Services reporting segment.

Fandango Holdings Corporation (“Holdings”), an affiliated entity of Thoma Bravo LLC ("Thoma Bravo"), was formed on June 28, 2013. On August 1, 2013, pursuant to an Agreement and Plan of Merger dated as of July 31, 2013, DI was acquired by Holdings, (the “Thoma Bravo Acquisition”). Although DI continues to operate as the same legal entity subsequent to the acquisition, periods prior to August 1, 2013 reflect the operating company level financial position, results of operations and changes in financial position of DI prior to the Thoma Bravo Acquisition (“Predecessor”) and periods after August 1, 2013 reflect the holding company level consolidated financial position, results of operations and changes in financial position of Holdings (“Successor”). As described in more detail below, the financial position, results of operations, cash flows, and equity of Predecessor are not comparable to the financial position, results of operations and cash flows of Successor principally because (a) the financial statements of the Predecessor are presented on a carve-out basis and include allocations of certain operating costs from Intuit that may not represent the costs for the same services that DI may have incurred if it had been operated on a stand-alone basis, (b) in conjunction with the Thoma Bravo Acquisition, the basis for the acquired assets and liabilities have been adjusted to fair value in accordance with US GAAP and (c) the equity of the Predecessor is presented at an operating company level and the equity of the Successor is presented at the consolidated holding company level. The term “Company” (also referred to as “us” “we” and “our”) used throughout these financial statements collectively refers to DI for the Predecessor periods and Holdings for the Successor period.

Prior to the Thoma Bravo Acquisition, Holdings had incurred $4.2 million in acquisition related professional fees that were expensed as incurred. In addition, Holdings had nominal assets and liabilities prior to the acquisition. Financial statements for Holdings were not prepared for periods prior to the Thoma Bravo Acquisition. Acquisition related professional fees incurred prior to the acquisition were included in Accumulated deficit in the August 1, 2013 opening balance sheet.

These unaudited condensed consolidated financial statements do not include all of the information and footnotes required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments, which include normal recurring adjustments, considered necessary for a fair presentation have been included. The consolidated results for the interim periods are not necessarily indicative of the results that may be expected for the full fiscal year. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These condensed consolidated financial statements and related notes should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended July 31, 2013.

Predecessor financial statements

Predecessor historically operated as part of Intuit and not as a stand-alone entity. Prior to the Thoma Bravo Acquisition on August 1, 2013, the financial statements of Predecessor have been prepared on a "carve-out" basis from the consolidated financial statements of Intuit to represent the financial position and performance of Predecessor as if Predecessor had existed on a stand-alone basis. The financial statements include allocations of certain Intuit operating expenses. The allocations may not represent the costs for the same services that Predecessor may have incurred if it had been operated on a stand-alone basis or as an unaffiliated entity. Predecessor's results of operations, cash flows and financial position may have been materially different had it been operated on a stand-alone basis or as an unaffiliated entity. It is not practicable to determine the amount of these expenses that would have been incurred had Predecessor operated on a stand-alone basis or as an unaffiliated entity. See Note 4 for further details on the allocations.

All cash related activities from the operation of the business were processed through Intuit functions, and any cash funding needs of the business were advanced from Intuit on an ongoing basis. DI did not repay any net amounts advanced from Intuit and does not expect to make repayments in the future. Accordingly, net amounts advanced from Intuit have been included in "Accumulated deficit, including intercompany," which is included in total stockholders' equity.

Successor financial statements

Holdings recorded the Thoma Bravo Acquisition using the acquisition method of accounting in accordance with the accounting guidance for business combinations and non-controlling interest. The guidance prescribes that assets acquired and liabilities assumed are recognized based on the fair value of such assets and liabilities at the date of acquisition. Refer to Note 2 for details of the assets acquired, liabilities assumed and the related fair values recognized for each. As a result, periods prior to the Thoma Bravo Acquisition are not comparable to subsequent periods due to the difference in the basis of presentation of new basis as compared to historical cost.

Additionally, subsequent to the Thoma Bravo Acquisition, the Company operates on a standalone basis. The results of operations of Successor do not include allocations for any costs. However, as described in more detail in Note 4 Intuit provides certain services under the Transition Services Agreement.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, revenue recognition, allowance for doubtful accounts, stock-based compensation expense, provision for income taxes, goodwill, and litigation and settlement costs. The Company bases its estimates on historical experience and on assumptions that it believes are reasonable. The Company assesses these estimates on a regular basis; however, actual results could materially differ from those estimates.

Deferred Revenue

Deferred revenue consists of payments received in advance of revenue recognition and is recognized as the revenue recognition criteria are met. For implementation fees, customers are invoiced upfront and the revenue is recognized over the estimated customer relationship period of 84 months. Deferred revenue also includes certain deferred professional services fees, which are recognized in accordance with revenue recognition policy. The portion of deferred revenue the Company expects to recognize during the succeeding 12-month period is recorded as current deferred revenue, and the remaining portion is recorded as noncurrent. In conjunction with the Thoma Bravo Acquisition, the fair value of the deferred revenue obligation was estimated as $0.9 million using an income approach valuation method and recorded in the August 1, 2013 opening balance sheet.

Deferred Cost of Sales

The Company defers the costs related to implementation fees that it considers recoverable and recognizes them in cost of revenues over the customer relationship period of 84 months, which represents the same period of recognition as the related revenue. The portion of deferred cost of sales the Company expects to recognize during the succeeding 12-month period is recorded in current deferred cost of sales, and the remaining portion is recorded in deferred cost of sales, noncurrent. In conjunction with the Thoma Bravo Acquisition, deferred cost of sales was estimated to have no value and therefore, was not recognized in the opening balance sheet.

During the three months ended October 31, 2013, the Company capitalized $0.4 million of deferred cost and amortized $0.1 million to cost of revenue. During the three months ended October 31, 2012, the Company capitalized $0.4 million of deferred cost and amortized $1.1 million to cost of revenue.

Property and Equipment

The Company's property and equipment are stated at cost, less accumulated depreciation. Depreciation is recognized on a straight-line basis and is recorded over the estimated useful lives of the respective assets of three to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life of the assets or the term of the lease. In conjunction with the Thoma Bravo Acquisition, the fair value of the property and equipment, excluding in-process software enhancements, was estimated as $3.2 million and recorded in the August 1, 2013 opening balance sheet.

Capitalized Software Costs

The Company capitalizes costs related to computer software obtained or developed for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that the Company customizes to meet its specific operational needs. Software developed for internal use has generally been used to deliver hosted services to our customers. Costs incurred in the application development phase are capitalized and amortized over their useful lives, which are generally three to five years. Capitalized software is reviewed for impairment when indicators of impairment are identified. In conjunction with the Thoma Bravo Acquisition, the estimated fair value of technology acquired of $52.0 million was recorded in intangibles in the August 1, 2013 opening balance sheet. In-process enhancements to existing software technology not yet placed into service at the time of the Thoma Bravo Acquisition were included in property & equipment in the opening balance sheet at an estimated fair value of $9.7 million.

Goodwill, Purchased Intangible Assets and Other Long-Lived Assets

The goodwill, purchased intangible assets and other long-lived assets acquired by Intuit in the purchase of DI are included in the financial statements of the Company as of July 31, 2013. The goodwill, purchased intangible assets and other long-lived assets acquired by Holdings in the purchase of DI on August 1, 2013 are included in the financial statements of the Company as of October 31, 2013. The estimated fair value of intangible assets acquired in the Thoma Bravo Acquisition, was $530.7 million, which will be amortized over a weighted average period of 7.4 years.

The Company has goodwill of $914.3 million reported on the accompanying balance sheet as of July 31, 2013, related to the Intuit acquisition and goodwill of $652.7 million reported on the accompanying balance sheet as of October 31, 2013, related to the Thoma Bravo Acquisition.

Stock-Based Compensation

Prior to the Thoma Bravo Acquisition, DI employees participated in Intuit share-based employee compensation plans. Those share-based employee compensation plans are described in Note 10. The share-based employee compensation recorded in the three months ended October 31, 2012 relates to Intuit option and restricted stock unit grants and Intuit ESPP purchases for DI employees. DI amortizes the fair value of option and restricted stock unit grants on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Unvested share-based awards held by DI employees were forfeited one month subsequent to the Thoma Bravo Acquisition. There were no compensatory stock based awards granted in the three months ended October 31, 2013.

Income Taxes

DI was included in Intuit's consolidated federal and certain combined state income tax returns for the year ended July 31, 2013. As such, DI was not a separate taxable entity for U.S. federal and certain state income tax purposes. In addition, DI did not have a written tax sharing agreement with Intuit. The provisions for income taxes and related balance sheet accounts are presented as if DI were a separate taxpayer ("separate return method"). This method of allocating Intuit's consolidated current and deferred income taxes is systematic, rational and consistent with the asset and liability method. The separate return method represents a hypothetical computation assuming that DI's reported revenue and expenses were incurred by a separate taxable entity. Accordingly, the reported provision for income taxes and the related balance sheet account balances (including but not limited to the NOL deferred tax assets) did not equal the amounts that were allocable to DI under the applicable consolidated federal and state tax laws. Further, as DI did not have a tax-sharing agreement in place with Intuit, the expected payable was treated as a dividend to the parent and the expected receivable was treated as a contribution from the parent. Immediately following the separation from Intuit, the consolidated Intuit tax attributes were allocated between Intuit and DI based on the applicable tax laws.

Subsequent to the Thoma Bravo Acquisition, the Company calculates its income tax provision as a stand-alone entity and based the interim provision on our estimated annual income tax rate.

Comprehensive Income

The accounting standard for reporting comprehensive income establishes standards for reporting and displaying comprehensive income and its components in a full set of general purpose financial statements. The Company's comprehensive net income is equal to its net income for the periods presented.

2. Acquisition of Digital Insight

On August 1, 2013, Holdings acquired DI, a provider of digital banking solutions to financial institutions, to form a stand-alone company and expand upon its industry leading products and solutions and grow the business organically and through strategic acquisitions. DI's results of operations are reflected in the Holding's consolidated statement of operations from the acquisition date. The final cash purchase price was $1.028 billion, of which, $600 million was financed by Holdings using borrowings leveraged by the underlying assets of DI.

The acquisition of DI has been accounted for using the acquisition method. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates of management. The excess of the purchase price over the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. Goodwill represents the future economic benefits arising from other assets acquired that could not be individually and separately recognized. The acquisition of DI resulted in $652.7 million of goodwill, none of which was tax-deductible. The following table presents the fair value of the assets acquired and liabilities assumed (in thousands):

	Amount
Current assets	$ 43,948
Property and equipment	12,809
Goodwill	652,701
Intangible assets	530,700
Other assets	84
Current liabilities	(22,281)
Deferred tax liability	(189,341)
Non-current liabilities	(190)
Total cash consideration	$ 1,028,430

3. Goodwill and Purchased Intangible Assets

Under current accounting rules, goodwill is not amortized but is subject to annual impairment tests. The Company has goodwill of $914.3 million reported on the accompanying balance sheet as of July 31, 2013, related to the Intuit acquisition and goodwill of $652.7 million as of October 31, 2013, related to the Thoma Bravo Acquisition.

Purchased intangible assets consisted of the following at the dates indicated (in thousands):

October 31, 2013	**Amortization Period**	**Gross**	**Accumulated Amortization**	**Net**
Customer relationships	10	311,700	(7,793)	303,907
Customer contracts	3	151,100	(12,592)	138,508
Purchased technology	4	52,000	(3,250)	48,750
Trademarks	7 - 9	15,900	(442)	15,458
Purchased intangible assets		$ 530,700	$ (24,077)	$ 506,623

July 31, 2013	**Amortization Period**	**Gross**	**Accumulated Amortization**	**Net**
Customer lists	5	142,000	(142,000)	-
Purchased technology	3	146,060	(142,887)	3,173
Trademarks	5	10,000	(10,000)	-
Covenant not to compete and sue	8	3,289	(2,160)	1,129
Purchased intangible assets		$ 301,349	$ (297,047)	$ 4,302

Amortization expense for the three months ended October 31, 2013 and 2012, was $24.1 million and $0.1 million, respectively.

3. Goodwill and Purchased Intangible Assets (continued)

Amortization of purchased technology assets is included in Cost of revenue. Amortization of trademarks, customer relationships, and existing contracts is included in Amortization of other purchased intangibles. If impairment events occur, they could accelerate the timing of purchased intangible asset charges. At October 31, 2013, the Company expects amortization of its purchased intangible assets by fiscal year to be as shown in the following table (in thousands):

2014 excluding the three months ended October 31, 2013	$	72,229
2015		96,306
2016		96,306
2017		45,940
2018		32,940
Thereafter		162,902
Total expected future amortization expense	$	506,623

4. Transactions with Intuit

Prior to the Thoma Bravo Acquisition, Intuit operated DI as a business unit and provided all cash collection, cash disbursement, and payroll services on behalf of DI. Intuit also provided treasury and tax services on behalf of DI. All cash-related activities from the operation of the business were processed through Intuit functions, and any cash funding needs of the business were contributed from Intuit. The resulting net balance owing to Intuit has been presented in “Accumulated deficit, including intercompany,” which is included in stockholders’ equity as of July 31, 2013.

Intuit also provided technology support services to DI. These services provided for the secure transfer of data for transactions and provided on-line banking users account access and aggregation of accounts. This technology support team operated as part of the Intuit Central Technology Operations (“CTO”) group under the name Financial Institution Connectivity and Data Services Group (“FICDS”). The FICDS costs, which are primarily personnel and data center hosting, are allocated to the various benefiting business units, including DI. The allocation methodology is based on department level headcount within the FICDS group and Intuit’s estimate of time spent related to each of Intuit’s business units. In addition, Data Center support costs related to these services were allocated based on an estimate of the server compute and storage capacity. The FICDS costs allocated to the DI business were $1.8 million during the three months ended October 31, 2012.

Prior to the Thoma Bravo Acquisition, Intuit’s Information Technology (“IIT”) group provided Data Center Operations support services to its business units. The DI business operates primarily out of three data centers. A portion of the total pool of costs for these data centers, which is inclusive of labor, contractors, depreciation and facilities was allocated to DI based on its actual cabinet and rack space as a share of the facilities‘ total cabinet and rack space. The Data Center Services costs allocated to the DI business were $7.1 million during the three months ended October 31, 2012.

Intuit office facilities and related management services are allocated to Intuit’s business units. The DI business primarily operates out of four different office facilities. A portion of the total pool of costs for these facilities, which is inclusive of rent, depreciation, food service and administration, is allocated to DI based on its actual square footage utilized as a share of the total available square footage. The facility costs allocated to the DI business were $2.4 million during the three months ended October 31, 2012.

DI resells TurboTax Online Banking (“TTOB”) on behalf of Intuit’s Consumer Tax group. DI charges Intuit’s Consumer Tax group for the costs it estimates are necessary to recover the costs incurred to support TTOB. The TTOB cost reimbursement is based on a budget established at the end of the prior year and amounts are reimbursed based on expected usage in each period. The TTOB cost reimbursement included in the accompanying financial statements was $1.5 million during the three months ended October 31, 2012.

The financial statements also include allocations of certain Intuit corporate operating expenses including centralized legal, accounting, human resources, information technology, marketing, and other corporate services and infrastructure costs. These allocations were principally allocated using either the ratio of DI’s revenue to total revenue of Intuit or the ratio of DI’s number of employees to the total number of Intuit employees, as considered appropriate. In the opinion of management of DI, the allocation method is reasonable.

The following table summarizes the total operating expense allocations by major category (in thousands):

	Three Months Ended October 31	
	2013	2012
Cost of revenue	$ —	$ 10,145
Selling and marketing	—	1,328
Research and development	—	2,356
General and administrative	—	8,300
	$ —	$ 22,129

4. Transactions with Intuit (continued)

Transition Services Agreement

In conjunction with the Thoma Bravo Acquisition, the Company entered into a Transition Services Agreement (“TSA”) with Intuit on August 1, 2013 pursuant to which Intuit provides certain services to the Company, on a temporary basis, including, among other things, data management, occupancy, accounting and other corporate services. The Transition Services Agreement provides for the provision of specified transition services generally for a period of either six or twelve months, with extension options for certain services. The Company records the fees Intuit charges for data management services as a component of Cost of revenue, fees for facilities usage are allocated to departments based on relative headcount, and fees for all other services recorded to General and administrative due to their nature. In the three months ended October 31, 2013, the Company recorded $6.9 million for Intuit services under the TSA.

The following table summarizes the total expense incurred under the TSA by major category (in thousands):

	Three Months Ended October 31	
	2013	**2012**
Cost of revenue	**$ 3,527**	$ —
Selling and marketing	**499**	—
Research and development	**802**	—
General and administrative	**2,082**	—
	$ 6,910	$ —

5. Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	October 31, 2013	July 31, 2013
Prepaid expenses	**$ 1,835**	$ 1,177
Deferred debt issuance cost, current portion	**4,202**	–
Total prepaid and other current assets	**$ 6,037**	$ 1,177

Property and Equipment

Property and equipment consists of the following (in thousands):

	October 31, 2013	July 31, 2013
Computer equipment	**$ 5,885**	$ 47,149
Furniture, fixtures, and equipment	**456**	5,500
Leasehold improvements	**219**	13,385
Capitalized software costs	**11,205**	54,415
Construction in progress	**5,121**	9,654
Total property and equipment	**22,886**	130,103
Less accumulated depreciation and amortization	**(1,345)**	(100,842)
Property and equipment, net	**$ 21,541**	$ 29,261

Depreciation and amortization expense during the three months ended October 31, 2013 and 2012, was $1.4 million and $2.4 million, respectively. Amortization expense for capitalized software costs during the three months ended October 31, 2013 and 2012, was $0.9 million and $1.3 million, respectively.

6. Commitments and Contingencies

Operating Leases

The Company leases office facilities under various operating lease agreements. The leases provide for annual rent increases and contain renewal options. Annual minimum commitments under the leases are shown in the table below. Future rental payments under non-cancelable operating leases with initial terms in excess of one year for the following fiscal years are (in thousands):

Year ending July 31:		
2014 excluding the three months ended October 31, 2013	$	1,749
2015		2,370
2016		1,796
2017		1,218
2018		240
Total minimum payments	$	7,373

Rent expense from these leases is recognized on a straight-line basis through the end of the lease. Rent expense during each of the three months ended October 31, 2013 and 2012, was $0.6 million.

Significant Suppliers

The Company has entered into long term contracts with minimum purchase commitments for services used in the normal course of business. The future minimum commitments relating to these contracts for the following fiscal years are (in thousands):

Year ending July 31:		
2014 excluding the three months ended October 31, 2013	$	47,983
2015		46,867
2016		37,200
2017		37,200
2018		—
Total minimum commitments	$	169,250

The Company's total charges for services under these contracts during the three months ended October 31, 2013 and 2012, was $15.3 million and $16.3 million, respectively.

Indemnifications

The Company generally agrees to indemnify its customers against legal claims that the Company's software products infringe upon certain third-party intellectual property rights. In the event of such a claim, the Company is generally obligated to defend its customer against the claim and to either settle the claim at the Company's expense or pay damages that the customer is legally required to pay to the third-party claimant. In addition, in the event of an infringement, the Company agrees to modify or replace the infringing product, or, if those options are not reasonably possible, to refund the cost of the software, as pro-rated over a period of years. To date, the Company has not been required to make any payment resulting from infringement claims asserted against our customers. As such, the Company has not recorded a liability for infringement costs as of July 31, 2013 and October 31, 2013.

Legal Matters

In the ordinary course of business, the Company may be involved in lawsuits, claims, investigations, and proceedings consisting of intellectual property, commercial, employment, and other matters. The Company will record a provision for these claims when it is both probable that a liability has been incurred and the amount of the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case. In fiscal 2013, the Company entered into a settlement agreement related to a patent infringement claim against the Company. The claim was settled for $1.0 million and recorded as general and administrative expense in the statement of operations during the three months ended October 31, 2012.

The Company believes that liabilities associated with any open claims, while possible, are not probable, and therefore the Company has not recorded any accrual for any claims as of October 31, 2013. Further, any possible range of loss cannot be reasonably estimated at this time.

7. Income Taxes

DI's operating results have historically been included in Intuit's consolidated U.S. federal and state income tax returns. For the year ended July 31, 2013, the provision for income taxes, taxes payable and deferred income tax balances had been recorded as if DI had filed all tax returns on a separate return basis ("hypothetical carve-out basis") from Intuit. The income tax provision for the three months ended October 31, 2012 was based on the annual effective income tax rate calculated under the hypothetical carve-out basis. Subsequent to the Thoma Bravo Acquisition, the Company calculates its income tax provision as a stand-alone entity and based the interim provision on our estimated annual income tax rate of 36.03%.

The income tax benefit for the three months ended October 31, 2013 increased to $6.0 million from $0.1 million for the three months ended October 31, 2012. The increase in income tax benefit was primarily driven by a decrease in income from continuing operations, before income taxes.

8. Long Term Debt

As of October 31, 2013, the Company's total debt was $600.0 million, with $3.9 million included in the current liabilities and $596.2 million included in long-term debt, as follows (in thousands):

		October 31, 2013
First Lien Senior Credit Agreement		
Term loan facility	$	385,000
Revolving credit facility		—
Second Lien Senior Credit Agreement		215,000
Total debt		600,000
Less: current portion		(3,850)
Total long-term debt	$	596,150

First Lien Senior Credit Agreement: In August 2013, the Company entered into a First Lien Senior Credit Agreement, as amended in October 2013, with a syndicate of lenders and Jeffries Finance, LLC, as administrative agent, in connection with the Thoma Bravo Acquisition. The aggregate commitments under the First Lien Credit Agreement are $405.0 million, made up of a term loan with an aggregate principal balance of $385.0 million and a revolving credit facility with an aggregate commitment of $20.0 million. The Company had no amounts outstanding under the revolving credit facility as of October 31, 2013. The outstanding principal balance of the term loan facility is required to be repaid in equal quarterly installments in annual amounts equal to 1.0% of the original amount of the term loan beginning January 31, 2014, with the balance being due at maturity on October 16,

2019. Borrowings under the revolving portion of the credit facility are due October 16, 2018.

Amounts outstanding under the First Lien Senior Credit Agreement, as amended, bear interest, at the Company's option, at a base rate equal to the greater of (i) the US Prime Lending Rate (ii) the federal funds rate plus 0.50%, (ii) the one-month LIBOR rate (with a floor of 1.00%) plus 1.00%, or (iv) 2.00%, plus a margin of 2.75% (the Alternate Base Rate), or a LIBOR rate equal to the greater of (i) one-year LIBOR or (ii) 1.00%, plus a margin of 3.75%. The revolving commitment is subject to an annual commitment fee equal to 0.50% of the unused balance. The Company has designated the amounts outstanding under the First Lien Senior Credit Agreement as LIBOR rate loans and the effective interest rate on the outstanding principal as of October 31, 2013 is 4.75%.

Second Lien Senior Credit Agreement: In August 2013, the Company entered into a Second Lien Credit Agreement, as amended in October 2013, with a syndicate of lenders and Jeffries Finance, LLC, as administrative agent, in connection with the Thoma Bravo Acquisition. The aggregate commitments under the Second Lien Credit Agreement are $215.0 million. Borrowings under the Second Lien Term Loan are due October 16, 2020.

Amounts outstanding under the Second Lien Credit Agreement, as amended, bear interest, at the Company's option, at a base rate equal to the greater of (i) the US Prime Lending Rate (ii) the federal funds rate plus 0.50%, (ii) the one-month LIBOR rate (with a floor of 1.00%) plus 1.00%, or (iv) 2.00%, plus a margin of 6.75% (the Alternate Base Rate), or a LIBOR rate equal to the greater of (i) one-year LIBOR or (ii) 1.00%, plus a margin of 7.75%. The Company has designated the amounts outstanding under the Second Lien Senior Credit Agreement as LIBOR rate loans and the effective interest rate on the outstanding principal as of October 31, 2013 is 8.75%.

The First and Second Lien Senior Credit Agreements, as amended, include financial covenants that require us to maintain a maximum total leverage ratio (expressed as the total indebtedness of the Company and its subsidiaries over our Consolidated EBITDA, as defined in the Credit Agreements), measured on a trailing four quarter basis, of 9.50 to 1.00 as of January 31, 2014, which declines on a quarterly basis thereafter to 6.80 to 1.00 as of July 31, 2018. Substantially all of the real and personal property of the Company is pledged as collateral under the First and Second Lien Credit Agreements.

In connection with the original First and Second Lien Credit Agreements, the Company deferred $30.7 million in debt issuance cost which are being amortized to interest expense over the life of the underlying debt. As a result of the amendment of the First Lien and Second Lien Credit Agreements on October 16, 2013, the Company received a rebate of

$3.8 million of debt issuance cost paid to lenders under the original credit agreements. The Company recorded the rebate as a reduction of capitalized debt issuance costs.

As of October 31, 2013, the carrying value of our debt approximates its fair value.

At October 31, 2013, the Company's scheduled maturities of long-term debt by fiscal year are as follows (in thousands):

2014 excluding the three months ended October 31, 2013	$	2,888
2015		3,850
2016		3,850
2017		3,850
2018		3,850
2019 and thereafter		581,712
Total	$	600,000

9. Capital Stock

The Company had authorized an aggregate of 250.8 million shares of capital stock, of which 125.0 million shares were designated as voting Common B stock, 125.0 million were designated as non-voting Common C stock, and 0.8 million were designated as Preferred stock. As of October 31, 2013, the Company had issued and outstanding 97.6 million shares Common B stock, no shares of Common C stock, and 0.5 million shares of Preferred stock.

Dividends accrue (whether or not declared) on a daily basis on each share of Preferred stock at a rate of 9% per annum of the $1,000 liquidation preference per share plus all accumulated and unpaid dividends until the first to occur of (1) the date on which the applicable liquidation value of such share is paid to the holder in connection with the liquidation of the Company, or (2) the date on which such share is otherwise acquired by the Company. Dividends are cumulative and payable only upon their redemption or the liquidation, dissolution, or winding up of the Company, voluntary or involuntary.

The Preferred stock ranks senior to the Company’s Common stock with respect to the payment of dividends and distribution of assets upon liquidation or dissolution. The Preferred stock has no stated maturity and is not subject to mandatory redemption or sinking fund and will remain outstanding indefinitely unless repurchased by the Company or converted into Common B or Common C stock in the event of a qualified initial public offering. Holders of the Preferred stock have no voting rights except on matters that would adversely affect their powers, preferences, or rights.

10. Share-Based Incentive Programs

Description of Intuit Stock Plans

Under the Intuit 2005 Equity Incentive Plan, Intuit was permitted to grant incentive and non-qualified stock options, restricted stock awards, restricted stock units, and stock bonus awards to DI's employees and consultants. All options granted under the 2005 Plan through July 31, 2013, had exercise prices equal to the fair market value of Intuit stock on the date of grant. Options granted under the 2005 Plan typically vested over three years based on continued service and have a seven-year term. Restricted Stock Units (RSUs) granted under those plans typically vested over three years based on continued service. Unvested share-based awards in the Intuit 2005 Equity Incentive Plan held by DI employees were forfeited one month subsequent to the Thoma Bravo Acquisition.

Description of Intuit Employee Stock Purchase Plan

The Intuit ESPP allowed eligible DI employees to make payroll deductions to purchase Intuit stock on regularly scheduled purchase dates at a discount. The Intuit ESPP has been amended several times since its adoption. Offering periods under the ESPP were six months in duration and composed of two consecutive three-month accrual periods. Shares were purchased at 85% of the lower of the closing price for Intuit common stock on the first day of the offering period or the last day of the accrual period. Subsequent to the Thoma Bravo Acquisition, Company employees may no longer participate in the Intuit ESPP.

Stock-Based Compensation Expense

Stock-based compensation expense consists of the following (in thousands):

	Three Months Ended October 31	
	2013	2012
Stock-based compensation expense:		
Cost of revenues	$ —	$ 649
Sales and marketing	—	1,027
Research and development	—	827
General and administrative	—	162
Total stock-based compensation expense	$ —	$ 2,665

The share-based employee compensation recorded in the three months ended October 31, 2012 relates to Intuit option and restricted stock unit grants and Intuit ESPP purchases for DI employees.

DI amortizes the fair value of option and restricted stock unit grants on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Unvested share-based awards held by DI employees were forfeited one month subsequent to the Thoma Bravo Acquisition. There were no compensatory stock based awards granted in the three months ended October 31, 2013.

11. Employee Benefit Plans

Executive Deferred Compensation Plan

Certain DI employees were eligible to participate in Intuit's Executive Deferred Compensation Plan, which became effective January 1, 2005. The plan was adopted to meet the requirements for deferred compensation under Section 409A of the Internal Revenue Code. The plan provides that executives who meet minimum compensation requirements are eligible to defer up to 75% of their salaries, bonuses and commissions. DI has agreed to credit the participants' contributions with earnings that reflect the performance of certain independent investment funds. DI may also make discretionary employer contributions to participant accounts in certain circumstances. The timing, amounts and vesting schedules of employer contributions are at the sole discretion of the Intuit Compensation and Organizational Development Committee of our Board of Directors or its delegate. The benefits under this plan are unsecured. Participants are generally eligible to receive payment of their vested benefit at the end of their elected deferral period or after termination of their employment with Intuit for any reason or at a later date to comply with the restrictions of Section 409A. Discretionary company contributions and the related earnings vest completely upon the participant's disability, death or a change of control of Intuit. Employer contributions to the plan were not significant for any period presented.

DI assets and liabilities related to this plan of $2.4 million at July 31, 2013 are recorded in other long-term assets while liabilities related to obligations are recorded in other current liabilities on our balance sheets. DI matched the plan liabilities with similar performing assets. Subsequent to the Thoma Bravo Acquisition, the assets and liabilities related to DI plan participants remained with Intuit.

401(k) Plan

DI employees are eligible to participate in the Intuit Inc. 401(k) Plan. Effective January 1, 2012, DI employees who participate in the Intuit Inc. 401(k) plan may contribute up to 30% of pretax salary to the plan, subject to limitations imposed by the Internal Revenue Code. The plan allows Intuit to make matching contributions. Intuit matched employee contributions at the greater of (a) $1.25 per dollar contributed by the employee, up to a maximum matching contribution of 10,000; or (b) 125 percent of the first six percent of employee contributions, subject to IRS limitations. One hundred percent of the matching contributions vest after two years of service.

11. Employee Benefit Plans (continued)

Effective October 1, 2013, the Company adopted the Digital Insight 401(k) Plan, a qualified retirement plan under the Internal Revenue Code. Eligible Company employees who participate in the Digital Insight 401(k) Plan may contribute up to 75% of their pretax salary to the plan, subject to limitations imposed by the Internal Revenue Code. We elected to make employer matching contributions to all participants in an amount equal to 100% of the first 4% of eligible compensation and 50% of the next 2% of eligible compensation, contributed to the plan. Participants vest immediately in employer matching contributions when made.

12. Subsequent Events

The financial statements have been evaluated for subsequent events through March 20, 2014, which is the date the condensed consolidated financial statements were issued.

On December 2, 2013, Thoma Bravo entered into a sales and purchase agreement with NCR Corporation to sell 100% of its equity interest in Holdings. The transaction closed on January 10, 2014 for total cash consideration of approximately $1.65 billion.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information is based on the historical financial statements of NCR Corporation ("NCR" or the "Company," and also referred to as "we," "us" or "our") and Fandango Holdings Corporation ("Holdings") and its wholly owned subsidiary, Digital Insight Corporation ("Digital Insight"), and give effect to NCR's acquisition of Holdings and Digital Insight and the related financing.

As described further in Note 2, "Basis of Pro Forma Presentation," financial statements for Holdings were not prepared for periods prior to August 1, 2013. Periods prior to August 1, 2013 reflect the operating company level financial position, results of operations and changes in financial position of Digital Insight, and periods after August 1, 2013 reflect the holding company level consolidated financial position, results of operations and changes in financial position of Holdings.

As described further in Note 2, "Basis of Pro Forma Presentation," the financial statements of Digital Insight for the periods prior to August 1, 2013 were prepared on a carve-out basis, and include allocations of certain operating expenses that may not represent the costs for the same services that Digital Insight may have incurred if it had been operated on a stand-alone basis or as an unaffiliated entity, or that we expect Digital Insight to incur in the future as a wholly owned subsidiary of NCR.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2012 and for the nine months ended September 30, 2013 are presented as if the Transaction (as defined below in Note 1 "Description of the Transaction") had occurred on January 1, 2012 and exclude results from discontinued operations. NCR, Holdings and Digital Insight have different fiscal year ends. Accordingly, the historical information of Digital Insight in the pro forma income statement was adjusted and brought within 93 days of NCR's fiscal year-end in accordance with SEC Regulation S-X 11-02(c)(3). The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 combines NCR's historical consolidated statement of operations for the year ended December 31, 2012 with Digital Insight's historical statement of operations for the twelve months ended October 31, 2012 and the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2013 combines NCR's historical consolidated statement of operations for the nine months ended September 30, 2013 with Digital Insight's historical statement of operations for the nine months ended July 31, 2013. The unaudited pro forma condensed combined balance sheet combines NCR's historical consolidated balance sheet as of September 30, 2013 with the historical consolidated balance sheet of Holdings as of October 31, 2013 and is presented as if the Transaction occurred on September 30, 2013.

The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of the consolidated results of operations or financial position that we would have reported had the acquisition been completed as of the dates presented, and should not be taken as representative of our future consolidated results of operations or financial condition. The unaudited pro forma condensed combined financial statements do not reflect any revenue enhancements or cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that could result from the Transaction.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes of NCR included in our Annual Report on Form 10-K for the year ended December 31, 2012 (except to the extent modified or superseded by the revised presentation thereof in our Current Report on Form 8-K filed on December 3, 2013) and our Quarterly Report on Form 10-Q as of and for the three and nine months ended September 30, 2013 and 2012, as well as Digital Insight's historical financial statements and accompanying notes for the years ended July 31, 2013 and 2012 and the condensed consolidated financial statements of Holdings for the three month periods ended October 31, 2013 and 2012, included as Exhibit 99.1 and 99.2, respectively, in this Current Report on Form 8-K/A.

NCR Corporation
Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2013

In millions, except per share amounts	As Reported NCR	As Reported Holdings (1)	Pro Forma Adjustments		Pro Forma Combined
Assets					
Current assets					
Cash and cash equivalents	$ 460	$ 98	$ (120)	(a)	$ 438
Accounts receivable, net	1,349	36	—		1,385
Inventories, net	842	—	—		842
Other current assets	591	8	(4)	(e)	595
Total current assets	3,242	142	(124)		3,260
Property, plant and equipment, net	338	22	(14)	(h)	346
Goodwill	1,472	653	606	(b)	2,731
Intangible Assets, net	474	507	68	(c)	1,049
Prepaid pension cost	424	—	—		424
Deferred income taxes	492	—	(190)	(m)	302
Other assets	436	22	22	(d)	458
			(22)	(e)	
Total assets	$ 6,878	$ 1,346	$ 346		$ 8,570
Liabilities and stockholders' equity					
Current liabilities					
Short-term borrowings	$ 15	$ 4	$ 3	(d)	$ 18
			(4)	(e)	
Accounts payable	584	30	(27)	(k)	587
Payroll and benefits liabilities	209	8	—		217
Deferred service revenue and customer deposits	508	1	(1)	(f)	508
Other current liabilities	437	21	(2)	(e)	484
			16	(i)	
			5	(j)	
			7	(l)	
Total current liabilities	1,753	64	(3)		1,814
Long-term debt	2,212	596	1,640	(d)	3,852
			(596)	(e)	
Pension and indemnity plan liabilities	740	—	—		740
Postretirement and postemployment benefits liabilities	202	—	—		202
Income tax accruals	143	—	—		143
Environmental liabilities	118	—	—		118
Other liabilities	118	184	(1)	(f)	119
			(3)	(i)	
			(179)	(m)	
Total liabilities	5,286	844	858		6,988
Redeemable noncontrolling interest	17	—	—		17
Stockholders' equity					
NCR stockholders' equity					
Preferred stock	—	—	—		—
Common stock	2	1	(1)	(g)	2
Paid-in capital	434	519	(519)	(g)	434
Retained earnings	1,174	(18)	18	(g)	1,164
			(10)	(i)	
Accumulated other comprehensive (loss) income	(73)	—	—		(73)
Total NCR stockholders' equity	1,537	502	(512)		1,527
Noncontrolling interests in subsidiaries	38	—	—		38
Total stockholders' equity	1,575	502	(512)		1,565
Total liabilities and stockholders' equity	$ 6,878	$ 1,346	$ 346		$ 8,570

(1) Certain reclassifications were made to conform to NCR's financial statement presentation. Refer to Note 3 below for further discussion.

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

NCR Corporation
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Nine months ended September 30, 2013

	As Reported			
In millions, except per share amounts	**NCR**	**Digital Insight**	**Pro Forma Adjustments**	**Pro Forma Combined**
Product revenue	$ 2,111	$ —	$ —	$ 2,111
Service revenue	2,342	246	—	2,588
Total revenue	4,453	246	—	4,699
Cost of products	1,577	—	—	1,577
Cost of services	1,666	124	19 (aa) (4) (cc)	1,805
Selling, general and administrative expenses	678	74	22 (aa)	774
Research and development expenses	163	31	—	194
Total operating expenses	4,084	229	37	4,350
Income (loss) from operations	369	17	(37)	349
Interest expense	(70)	—	(62) (bb)	(132)
Other expense, net	(4)	—	—	(4)
Income (loss) from continuing operations before income taxes	295	17	(99)	213
Income tax expense (benefit)	44	(1)	(36) (dd)	7
Income (loss) from continuing operations	251	18	(63)	206
Net income attributable to noncontrolling interests	5	—	—	5
Income (loss) from continuing operations attributable to NCR common stockholders	$ 246	$ 18	$ (63)	$ 201
Income per share attributable to NCR common stockholders:				
Basic	$1.49			$1.22
Diluted	$1.46			$1.19
Weighted average common shares outstanding				
Basic	165.1			165.1
Diluted	168.8			168.8

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

NCR Corporation
Unaudited Pro Forma Condensed Combined Statement of Operations
For the year ended December 31, 2012

In millions, except per share amounts	As Reported NCR	As Reported Digital Insight	Pro Forma Adjustments		Pro Forma Combined
Product revenue	$ 2,854	$ —	$ —		$ 2,854
Service revenue	2,876	313	—		3,189
Total revenue	5,730	313	—		6,043
Cost of products	2,144	—	—		2,144
Cost of services	1,941	160	24	(aa)	2,121
			(4)	(cc)	
Selling, general and administrative expenses	742	115	17	(aa)	874
Research and development expenses	155	36	—		191
Total operating expenses	4,982	311	37		5,330
Income (loss) from operations	748	2	(37)		713
Interest expense	(42)	—	(82)	(bb)	(124)
Other expense, net	(8)	—	—		(8)
Income (loss) from continuing operations before income taxes	698	2	(119)		581
Income tax expense (benefit)	223	—	(43)	(dd)	180
Income (loss) from continuing operations	475	2	(76)		401
Net income attributable to noncontrolling interests	—	—	—		—
Income (loss) from continuing operations attributable to NCR common stockholders	$ 475	$ 2	$ (76)		$ 401
Income per share attributable to NCR common stockholders:					
Basic	$2.98				$2.52
Diluted	$2.90				$2.45
Weighted average common shares outstanding					
Basic	159.3				159.3
Diluted	163.8				163.8

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

1. DESCRIPTION OF THE TRANSACTION

On January 10, 2014, pursuant to an Agreement and Plan of Merger, dated as of December 2, 2013, by and among NCR Corporation ("NCR" or the "Company," and also referred to as "we," "us" or "our"), Fandango Holdings Corporation ("Holdings"), Delivery Acquisition Corporation, a wholly owned subsidiary of NCR ("Merger Sub"), and Thoma Bravo, LLC ("Thoma Bravo") in its capacity as stockholder representative, NCR completed its acquisition of Digital Insight Corporation ("Digital Insight"). Digital Insight is a wholly owned subsidiary of Holdings, and in the acquisition, Merger Sub was merged with and into Holdings, with Holdings as the surviving corporation. As a result, Holdings and Digital Insight became wholly owned subsidiaries of NCR.

The acquisition was financed using the aggregate principal amount from the December 2013 offering by NCR, through its wholly-owned subsidiary, NCR Escrow Corp., of $400 million aggregate principal amount of 5.875% senior unsecured notes due in 2021 and $700 million aggregate principal amount of 6.375% senior unsecured notes due in 2023, as well as $250 million in incremental term loans drawn at closing under NCR's December 2013 incremental facility agreement and approximately $293 million in additional borrowings made at closing under the revolving portion of NCR's senior secured credit facility (the "Borrowings"). At the closing of the acquisition, NCR Escrow Corp. merged with and into NCR, with NCR continuing as the surviving corporation. NCR assumed all of NCR Escrow Corp.'s obligations under the 5.875% and 6.375% notes and the indentures governing those notes, and the net proceeds from the offering were released from the escrow account to fund a portion of the acquisition.

We refer to the acquisition of Digital Insight and the Borrowings as the "Transaction."

The total consideration for the acquisition was approximately $1.65 billion in cash. Fair value of consideration transferred in connection with the acquisition of $1.65 billion included cash of $613 million to settle the senior secured credit facilities of Holdings.

2. BASIS OF PRO FORMA PRESENTATION

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting in accordance with generally accepted accounting principles in the United States (GAAP) and were derived based on the historical financial statements of NCR, Digital Insight and Holdings after giving effect to the Transaction and after applying the assumptions, reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements do not assume any differences in accounting policies. At this time, NCR is not aware of any policy differences that have a material impact on the combined financial statements. No transactions between NCR and Digital Insight or Holdings occurred during the periods presented. The financial periods required to be presented in this Current Report on Form 8-K/A are based on NCR's fiscal periods. The unaudited pro forma condensed combined balance sheet as of September 30, 2013 is presented as if the Transaction had occurred on September 30, 2013. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2012 and for the nine months ended September 30, 2013 are presented as if the Transaction had occurred on January 1, 2012 and exclude results of discontinued operations. The historical financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the Transaction; (ii) factually supportable; and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined company's results.

Holdings was formed on June 28, 2013 as an affiliated entity of Thoma Bravo. On August 1, 2013, pursuant to an Agreement and Plan of Merger dated as of July 31, 2013, Digital Insight was acquired from Intuit, Inc. ("Intuit") by affiliates of Thoma Bravo and became a subsidiary of Holdings (the "Thoma Bravo Acquisition"). Although Digital Insight continued to operate as the same legal entity subsequent to the Thoma Bravo Acquisition, periods prior to August 1, 2013 reflect the operating company level financial position, results of operations and changes in financial position of Digital Insight prior to the Thoma Bravo Acquisition, and periods after August 1, 2013 reflect the holding company level consolidated financial position, results of operations and changes in financial position of Holdings.

Prior to the Thoma Bravo Acquisition, Holdings had incurred $4.2 million in acquisition related professional fees that were expensed as incurred, and Holdings had nominal assets and liabilities. Financial statements for Holdings were not prepared for periods prior to the Thoma Bravo Acquisition.

Prior to the Thoma Bravo Acquisition, Digital Insight operated as part of Intuit, and not as a stand-alone entity. As a result, the financial statements of Digital Insight for the periods prior to August 1, 2013 were prepared on a carve-out basis from the consolidated financial statements of Intuit to represent the financial position and performance of Digital Insight as if Digital Insight had been operated on a stand-alone basis. These financial statements include allocations of certain Intuit operating expenses. The allocations may not represent the costs for the same services that Digital Insight may have incurred if it had been operated on a stand-alone basis or as an unaffiliated entity, or that we expect Digital Insight to incur in the future as a wholly owned subsidiary of NCR.

NCR, Holdings and Digital Insight have different fiscal year ends. Accordingly, Holdings’ and Digital Insight’s historical information in the pro forma income statement was adjusted and brought to within 93 days of NCR’s fiscal year-end in accordance with SEC Regulation S-X 11-02(c)(3). The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 combines NCR’s historical statement of operations for the year ended December 31, 2012 with Digital Insight’s historical consolidated statement of operations for the twelve months ended October 31, 2012 and the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2013 combines NCR’s historical consolidated statement of operations for the nine months ended September 30, 2013 with Digital Insight’s historical statement of operations for the nine months ended July 31, 2013. The unaudited pro forma condensed combined balance sheet combines NCR’s historical consolidated balance sheet as of September 30, 2013 with Holdings’ historical consolidated balance sheet as of October 31, 2013.

Under the acquisition method of accounting, NCR measures and recognizes separately from goodwill the fair value as of January 10, 2014 of all identifiable assets acquired and liabilities assumed as part of the acquisition of Digital Insight. For purposes of measuring the fair value of the assets acquired and liabilities assumed, NCR has applied the accounting guidance for fair value measurements in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The fair value measurements utilize estimates based on key assumptions, including historical and current market data. The preliminary allocation of the purchase price as detailed in Note 4, "Purchase Price Allocation" of these unaudited pro forma condensed combined financial statements is based upon preliminary estimates and assumptions that are subject to change as we finalize the fair values of the assets acquired and liabilities assumed. The final purchase price allocation will differ from that reflected in the pro forma financial statements after final valuation procedures are performed and amounts are finalized. Notwithstanding those items, management believes that the assumptions provide a reasonable basis for presenting all of the significant effects of the Transaction and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial statements.

Estimated transaction costs have been excluded from the unaudited pro forma condensed combined statement of operations as they reflect non-recurring charges directly related to the Transaction. However, the transaction costs are reflected in the unaudited pro forma condensed combined balance sheet as an increase to other current liabilities and a decrease to retained earnings.

The unaudited pro forma condensed combined financial statements do not reflect any revenue enhancements or cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that could result from the Transaction.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only and are not intended to reflect the results of operations or the financial position of the combined company that would have resulted had the Transaction been effective during the periods presented or the results that may be obtained by the combined company in the future. Additionally, the unaudited pro forma condensed combined financial statements should be read in conjunction with NCR's historical consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2012 (except to the extent modified or superseded by the revised presentation thereof in our Current Report on Form 8-K filed on December 3, 2013) and Quarterly Report on Form 10-Q as of and for the three and nine months ended September 30, 2013 and 2012, as well as Digital Insight’s historical financial statements and accompanying notes for the years ended July 31, 2013 and 2012 and Holdings’ condensed consolidated financial statements for the three month period ended October 31, 2013 and 2012, which are included as Exhibit 99.1 and Exhibit 99.2, respectively, to the Form 8-K/A with which these unaudited pro forma condensed combined financial statements are filed.

3. RECLASSIFICATIONS

A reclassification adjustment has been made in the presentation of Holdings' historical amounts to conform to NCR’s presentation. The adjustment reclassifies Holdings' accrued expenses and interest payable from accounts payable to other current liabilities.

4. PURCHASE PRICE ALLOCATION

Pursuant to our business combinations accounting policy, the total preliminary purchase price for Digital Insight was allocated to the preliminary net tangible and intangible assets based upon their preliminary fair values as set forth below. The excess of the purchase price over the preliminary net tangible and intangible assets was recorded as goodwill. The goodwill arising from the acquisition of Digital Insight consists largely of the revenue synergies expected from combining the operations of NCR and Digital Insight. The purchase price was allocated based upon preliminary estimates and assumptions that are subject to change as we finalize the fair values of assets acquired and liabilities assumed. The final purchase price allocation will differ from that reflected in the pro forma financial statements after final valuation procedures are performed and amounts are finalized.

Our preliminary purchase price allocation for Digital Insight is as follows:

Preliminary allocation of purchase price	**Amount (in millions)**
Net tangible assets (liabilities)	$ (186)
Identifiable intangible assets	575
Goodwill	1,259
Total purchase price	$ 1,648

The following table sets forth the components of intangible assets acquired in connection with the Digital Insight acquisition:

	Estimated Fair Value (in millions)	**Weighted Average Amortization Period (years)**
Direct customer relationships	$ 342	18
Technology - Software	131	5
Customer contracts	89	8
Tradenames	13	7
Total acquired intangible assets	$ 575	

5. PRO FORMA ADJUSTMENTS

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial statements. Such information does not purport to be indicative of the results of operations or financial position that actually would have resulted had the Transaction occurred on the date indicated, nor is it indicative of the results that may be expected in future periods. The pro forma adjustments are based upon information and assumptions available at the time of filing the Current Report on Form 8-K/A to which these unaudited pro forma condensed combined financial statements are an exhibit.

(a) To record cash paid to owners of Holdings, cash paid to settle Holdings' senior secured credit facilities in conjunction with the Transaction and debt issuance costs offset by net proceeds from the Borrowings. The table below details the cash activity (in millions):

Proceeds from the Borrowings	$ 1,643
Debt issuance costs	(22)
Cash to owners of Holdings	(1,030)
Cash to settle Holdings' secured credit facility	(613)
Cash not acquired	$ (98)
Net cash activity	$ (120)

(b) To eliminate Holdings' historical goodwill and record the preliminary estimate for goodwill for the Transaction.

in millions	**Holdings' Historical Goodwill**	**Preliminary Estimate**	**Net Increase**
Goodwill	$ 653	$ 1,259	$ 606

(c) To record the difference between Holdings' historical intangible assets, net, and the fair values of the intangible assets acquired. Refer to Note 4 above.

in millions	Holdings' Historical Intangible Assets	Preliminary Estimate	Net Increase
Intangible Assets, net	$507	$575	$68

(d) To record $1.64 billion of short-term and long-term borrowings, which are comprised of the $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 issued on December 19, 2013; incremental term loans of $250 million made on January 10, 2014 under NCR's December 2013 incremental facility agreement; and $293 million borrowed under the revolving portion of NCR’s senior secured credit facility.

Additionally, NCR recorded approximately $22 million of debt issuance costs that will be amortized to interest expense over the respective terms of the borrowings using either the effective interest or straight line method depending on the debt instrument to which the costs pertain.

(e) To record the settlement of Holdings' senior secured credit facilities in conjunction with the Transaction, including the write off of the related accrued interest and unamortized debt issuance costs.

(f) To eliminate the estimated amount of deferred revenue associated with services for which NCR has no remaining performance obligation. The related effect on the unaudited pro forma condensed combined statement of operations for 2012 and the nine months ended September 30, 2013 is immaterial and has not been adjusted.

(g) To eliminate Holdings' historical equity.

(h) To eliminate capitalized software recorded in the historical Holdings balance sheet as part of recording the identifiable intangible assets obtained in the Transaction.

(i) To record non-recurring merger-related costs of approximately $16 million incurred by the combined companies in connection with the acquisition in other current liabilities. The pro forma adjustment resulted in a decrease to retained earnings by $10 million for the net of tax impact and a decrease to non-current deferred income taxes by $3 million for the related tax benefit. No merger related costs are included in the historical financial information for NCR and Holdings.

(j) To record a liability for the portion of purchase price withheld by NCR as a source of recovery for possible claims under the acquisition agreement that will be paid to seller pursuant to the terms of the agreement.

(k) To eliminate liabilities not assumed in the acquisition.

(l) To record tax liabilities assumed in the acquisition.

(m) Primarily represents the estimated deferred taxes related to the fair value adjustments recorded for the assets acquired and liabilities assumed, excluding goodwill. The tax impact was calculated using the weighted average estimated income tax rates applicable to the domestic and foreign jurisdictions in which the pro forma adjustments are expected to be recorded.

(aa) To reflect an increase to amortization expense resulting from identifiable intangible assets obtained from the acquisition of Digital Insight. With the exception of the direct customer relationships and customer contracts intangible assets, the intangible assets acquired are amortized using the straight-line method over their estimated useful lives, ranging from 2 to 7 years. The direct customer relationships and customer contracts intangible assets are amortized using methods that closely resemble the pattern in which the economic benefits are derived from the future cash flows expected from the customers acquired in the transaction. Incremental amortization for the nine month period ended September 30, 2013 approximated $41 million, $19 million of which is reflected in cost of services and $22 million of which is reflected in selling, general and administrative expenses. Incremental amortization recorded for the acquisition approximates $41 million for the year ended December 31, 2012, $24 million of which is reflected in cost of services and $17 million of which is reflected in selling, general and administrative expenses in the unaudited pro forma condensed combined statements of operations.

The estimated amortization for the five years following the acquisition is as follows:

In millions	Year 1	Year 2	Year 3	Year 4	Year 5
Amortization expense	$ 51	$ 57	$ 60	$ 60	$ 46

(bb) To record estimated interest expense for the $1.64 billion in short and long-term borrowings used to finance the acquisition. Interest expense was calculated using the rates in effect at the date of the transaction, which was 1.99% for the borrowings under the incremental facility agreement and the revolving portion of the senior secured credit facility, 5.875% for the 2021 notes and 6.375% for the 2023 notes. In addition, the new debt issuance costs were amortized to interest expense using either the effective interest or straight line method depending on the debt instrument to which the costs pertain. An increase or decrease of 0.125% per annum in the assumed rates on the floating rate portion of the borrowings would increase or decrease our annual interest expense by $1 million.

in millions	Nine months ended September 30, 2013	Year ended December 31, 2012
Interest expense on long-term borrowings of $1.64 billion	$ 59	$ 79
Amortization of new debt issuance costs	3	3
Net increase in interest expense	$ 62	$ 82

(cc) To reflect a reduction in amortization expense resulting from capitalized software recorded in the historical Holdings balance sheet that was eliminated as part of recording the identifiable intangible assets obtained in the acquisition. Amortization expense was reduced by approximately $4 million for the nine months ended September 30, 2013, and $4 million and for the year ended December 31, 2012, and is reflected in cost of services in the unaudited pro forma condensed combined statements of operations.

(dd) To record the estimated income tax effect on the pro forma adjustments at the weighted average estimated income tax rates applicable to the jurisdictions in which the pro forma adjustments are expected to be recorded. The weighted average estimated income tax rate was 36% for the nine months ended September 30, 2013 and the year ended December 31, 2012. The pro forma combined provision for income taxes does not reflect the amounts that would have resulted had NCR, Holdings and Digital Insight filed consolidated income tax returns during the periods presented.