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

FORM 10-Q

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

For the quarterly period ended June 30, 2018

Commission File Number 001-00395



NCR CORPORATION
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

31-0387920
(I.R.S. Employer
Identification No.)

864 Spring Street NW
Atlanta, GA 30308
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 19, 2018, there were approximately 117.9 million shares of the registrant's common stock issued and outstanding.

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Part I. Financial Information
Item 1. FINANCIAL STATEMENTS

NCR Corporation
Condensed Consolidated Statements of Operations (Unaudited)

In millions, except per share amounts	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Product revenue	\$ 525	\$ 618	\$ 1,051	\$ 1,172
Service revenue	1,012	975	2,003	1,899
Total revenue	1,537	1,593	3,054	3,071
Cost of products	451	478	871	902
Cost of services	683	654	1,360	1,296
Selling, general and administrative expenses	261	228	506	458
Research and development expenses	65	58	131	125
Asset impairment charges	183	—	183	—
Total operating expenses	1,643	1,418	3,051	2,781
(Loss) income from operations	(106)	175	3	290
Interest expense	(41)	(41)	(82)	(80)
Other (expense), net	(9)	(4)	(14)	(9)
(Loss) income from continuing operations before income taxes	(156)	130	(93)	201
Income tax (benefit) expense	(12)	33	(5)	47
(Loss) income from continuing operations	(144)	97	(88)	154
(Loss) income from discontinued operations, net of tax	(2)	5	(37)	5
Net (loss) income	(146)	102	(125)	159
Net (loss) income attributable to noncontrolling interests	(1)	—	—	—
Net (loss) income attributable to NCR	\$ (145)	\$ 102	\$ (125)	\$ 159
Amounts attributable to NCR common stockholders:				
(Loss) income from continuing operations	\$ (143)	\$ 97	\$ (88)	\$ 154
Series A convertible preferred stock dividends	(12)	(12)	(24)	(24)
Deemed dividend on modification of Series A convertible preferred stock	—	—	—	(4)
Deemed dividend on Series A convertible preferred stock related to redemption	—	—	—	(58)
(Loss) income from continuing operations attributable to NCR common stockholders	(155)	85	(112)	68
(Loss) income from discontinued operations, net of tax	(2)	5	(37)	5
Net (loss) income attributable to NCR common stockholders	\$ (157)	\$ 90	\$ (149)	\$ 73
(Loss) income per share attributable to NCR common stockholders:				
(Loss) income per common share from continuing operations				
Basic	\$ (1.31)	\$ 0.70	\$ (0.94)	\$ 0.56
Diluted	\$ (1.31)	\$ 0.64	\$ (0.94)	\$ 0.53
Net (loss) income per common share				
Basic	\$ (1.33)	\$ 0.74	\$ (1.26)	\$ 0.60
Diluted	\$ (1.33)	\$ 0.67	\$ (1.26)	\$ 0.57
Weighted average common shares outstanding				
Basic	117.9	121.4	118.6	122.1
Diluted	117.9	152.7	118.6	127.2

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Net (loss) income	\$ (146)	\$ 102	\$ (125)	\$ 159
Other comprehensive (loss) income:				
Currency translation adjustments				
Currency translation (losses) gains	(49)	5	(30)	29
Derivatives				
Unrealized gains (losses) on derivatives	9	(6)	4	(10)
Gains on derivatives recognized during the period	(1)	(1)	—	(3)
Less income tax benefit	—	1	—	3
Employee benefit plans				
Amortization of prior service benefit	(3)	(3)	(5)	(5)
Amortization of actuarial loss (benefit)	1	—	1	(1)
Less income tax benefit	—	1	1	2
Other comprehensive (loss) income	(43)	(3)	(29)	15
Total comprehensive (loss) income	(189)	99	(154)	174
Less comprehensive loss attributable to noncontrolling interests:				
Net loss	(1)	—	—	—
Currency translation losses	(3)	—	(3)	—
Amounts attributable to noncontrolling interests	(4)	—	(3)	—
Comprehensive (loss) income attributable to NCR	\$ (185)	\$ 99	\$ (151)	174

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	June 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 343	\$ 537
Accounts receivable, net	1,272	1,270
Inventories	842	780
Other current assets	282	243
Total current assets	2,739	2,830
Property, plant and equipment, net	326	341
Goodwill	2,590	2,741
Intangibles, net	517	578
Prepaid pension cost	127	118
Deferred income taxes	472	460
Other assets	593	586
Total assets	\$ 7,364	\$ 7,654
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$ 160	\$ 52
Accounts payable	711	762
Payroll and benefits liabilities	229	219
Contract liabilities	469	458
Other current liabilities	310	398
Total current liabilities	1,879	1,889
Long-term debt	2,952	2,939
Pension and indemnity plan liabilities	796	798
Postretirement and postemployment benefits liabilities	132	133
Income tax accruals	127	148
Other liabilities	258	200
Total liabilities	6,144	6,107
Commitments and Contingencies (Note 9)		
Redeemable noncontrolling interest	12	15
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.8 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively; redemption amount and liquidation preference of \$847 and \$825 as of June 30, 2018 and December 31, 2017, respectively	834	810
Stockholders' equity		
NCR stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 117.7 and 122.0 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	1	1
Paid-in capital	—	60
Retained earnings	594	857
Accumulated other comprehensive loss	(224)	(199)
Total NCR stockholders' equity	371	719
Noncontrolling interests in subsidiaries	3	3
Total stockholders' equity	374	722
Total liabilities and stockholders' equity	\$ 7,364	\$ 7,654

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Six months ended June 30	
	2018	2017
Operating activities		
Net (loss) income	\$ (125)	\$ 159
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Loss (income) from discontinued operations	37	(5)
Depreciation and amortization	171	172
Stock-based compensation expense	40	41
Deferred income taxes	1	4
Gain on sale of property, plant and equipment	—	(1)
Impairment of goodwill and long-lived assets	193	—
Changes in assets and liabilities:		
Receivables	(41)	(28)
Inventories	(88)	(126)
Current payables and accrued expenses	(57)	(93)
Contract liabilities	—	50
Employee benefit plans	(8)	(6)
Other assets and liabilities	(28)	(33)
Net cash provided by operating activities	95	134
Investing activities		
Expenditures for property, plant and equipment	(70)	(43)
Additions to capitalized software	(86)	(84)
Other investing activities, net	(3)	—
Net cash used in investing activities	(159)	(127)
Financing activities		
Short term borrowings, net	2	13
Payments on term credit facilities	(34)	(25)
Payments on revolving credit facilities	(1,013)	(615)
Borrowings on revolving credit facilities	1,163	855
Repurchases of Company common stock	(210)	(350)
Proceeds from employee stock plans	11	8
Tax withholding payments on behalf of employees	(29)	(24)
Other financing activities	—	(1)
Net cash used in financing activities	(110)	(139)
Cash flows from discontinued operations		
Net cash used in operating activities	(11)	(5)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(8)	12
Decrease in cash, cash equivalents, and restricted cash	(193)	(125)
Cash, cash equivalents and restricted cash at beginning of period	543	507
Cash, cash equivalents and restricted cash at end of period	\$ 350	\$ 382
June 30		
in millions	2018	2017
Reconciliation of cash, cash equivalents and restricted cash as shown in the Condensed Consolidated Statements of Cash Flows		
Cash and cash equivalents	\$ 343	\$ 377
Restricted cash included in Other assets	7	5
Total cash, cash equivalents and restricted cash	\$ 350	\$ 382

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation

Notes to Condensed Consolidated Financial Statements (Unaudited)

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NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Condensed Consolidated Financial Statements have been prepared by NCR Corporation (NCR, the Company, we or us) without audit pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments (consisting of normal, recurring adjustments, unless otherwise disclosed) necessary for a fair statement of the consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for the interim periods are not necessarily indicative of results to be expected for the full year. The 2017 year-end Condensed Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States (GAAP). These financial statements should be read in conjunction with NCR's Form 10-K for the year ended December 31, 2017.

Use of Estimates The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. Actual results could differ from those estimates.

Evaluation of Subsequent Events The Company evaluated subsequent events through the date that our Condensed Consolidated Financial Statements were issued. No matters were identified that required adjustment of the Condensed Consolidated Financial Statements or additional disclosure.

Reclassifications Certain prior-period amounts have been reclassified in the accompanying Condensed Consolidated Financial Statements and Notes thereto in order to conform to the current period presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

Redeemable Noncontrolling Interests and Related Party Transactions In 2011, we sold a 49% voting equity interest in NCR Brasil - Indústria de Equipamentos para Automação S.A., a subsidiary of the Company (NCR Manaus), to Scopus Tecnologia Ltda. (Scopus). Under our investment agreements with Scopus, Scopus may elect to sell its shares in NCR Manaus at the then-current fair value to a third party that is not a competitor of NCR. If Scopus is unable to locate a buyer, Scopus may require NCR to purchase its noncontrolling interest for its then-current fair value.

We recognized revenue related to Banco Bradesco SA (Bradesco), the parent of Scopus, totaling \$3 million and \$7 million during the three and six months ended June 30, 2018, respectively, as compared to \$5 million and \$6 million during the three and six months ended June 30, 2017. As of June 30, 2018 and December 31, 2017, we had \$2 million and \$18 million, respectively, in receivables outstanding from Bradesco.

Recent Accounting Pronouncements

Issued

In February 2016, the Financial Accounting Standards Board (FASB) issued a new leasing standard that will supersede current guidance related to accounting for leases. The guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard will be effective for the first interim period within annual periods beginning after December 15, 2018, with early adoption permitted. The standard is required to be adopted using the modified retrospective approach. As part of the adoption of the standard, we have selected and are in the process of implementing new lease accounting software. We are also in the process of identifying and designing appropriate changes to our business processes, systems and controls to support the new standard, and we are continuing to evaluate the impact of the standard on our consolidated financial statements and related disclosures. At this time the Company cannot estimate the quantitative impact of adopting the new standard, but it is expected to have a material effect to the total assets and total liabilities reported on the consolidated balance sheet, and is not expected to have a material effect to the consolidated statement of operations or the consolidated statement of cash flows.

Adopted

In May 2014, the FASB issued a new revenue recognition standard that superseded existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard was effective for the first interim period within annual periods beginning after December 15, 2017, with

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

early adoption permitted for annual periods beginning after December 15, 2016, and can be adopted either retrospectively to each prior reporting period presented (“full retrospective method”) or as a cumulative effect adjustment as of the date of adoption (“modified retrospective method”). Effective January 1, 2018, we adopted the standard using the modified retrospective method applied to contracts that were not complete as of the date of adoption and recorded a cumulative adjustment to increase retained earnings by \$2 million. Adoption of the new standard resulted in changes to our accounting policies for revenue recognition and deferred commissions. Refer to Note 2. Accounting Policies related to Revenue with Contracts with Customers, for the updated policy disclosures, and Note 3. Revenue Recognized under Previous Guidance, for presentation of what revenue would have been in the current periods had the Company continued to recognize revenue under the previous accounting guidance.

In August 2016, the FASB issued an accounting standards update which provides guidance regarding the classification of certain cash receipts and cash payments on the statement of cash flows, where specific guidance is provided for issues not previously addressed. This guidance is effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2017, with early adoption permitted, and is required to be adopted using a retrospective approach. The adoption of this accounting standards update did not have a material effect on the Company’s statement of cash flows.

In October 2016, the FASB issued an accounting standards update which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. This standard is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. Effective January 1, 2018, we adopted the standard using the modified retrospective method and recorded a cumulative adjustment to increase retained earnings by \$13 million.

In November 2016, the FASB issued an accounting standards update which clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The accounting standards update is required to be adopted for annual periods beginning after December 15, 2017, including interim periods within that annual period. The amendment is to be applied retrospectively with early adoption permitted. The adoption of this accounting standards update did not have a material effect on the Company’s statement of cash flows.

In January 2017, the FASB issued an accounting standards update which clarifies the definition of a business which is used across several areas of accounting. The area expected to see the most change is the evaluation of whether a transaction should be accounted for as an acquisition (or disposal) of assets, or as a business combination. The new guidance clarifies that to be a business there must also be at least one substantive process, and narrows the definition of outputs by more closely aligning it with how outputs are described in the new revenue recognition standard. The accounting standards update is required to be adopted for annual periods beginning after December 15, 2017, including interim periods within that annual period. The amendment is to be applied prospectively with early adoption permitted. The adoption of this standard did not have a material effect on our financial condition, results of operations or disclosures, as the standard applies only to businesses acquired after the adoption date.

In January 2017, the FASB issued an accounting standards update with new guidance intended to simplify the subsequent measurement of goodwill. The standards update eliminates the requirement for an entity to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, an entity will perform its annual, or interim, goodwill impairment testing by comparing the fair value of a reporting unit with its carrying amount and recording an impairment charge for the amount by which the carrying amount exceeds the fair value. The standards update is effective prospectively for annual and interim goodwill impairment testing performed in fiscal years beginning after December 15, 2019. Refer to Note 4. Goodwill and Long-Lived Assets for further discussion.

In March 2017, the FASB issued an accounting standards update with new guidance on an employer’s presentation of defined benefit retirement costs in the income statement. Employers will present the service cost component of net periodic benefit cost in the same income statement line item(s) as other employee compensation costs arising from services rendered during the period. Only the service cost component will be eligible for capitalization in assets. Employers will present the other components of the net periodic benefit cost separately from the line item(s) that includes the service cost and outside of any subtotal of operating income, if one is presented. These components will not be eligible for capitalization in assets. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods therein, with early adoption permitted. The adoption of this accounting standards update did not have a material effect on the Company’s net income, cash flows or financial condition.

In May 2017, the FASB issued an accounting standards update which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. This update requires modification only if the fair value, vesting conditions or the classification of the award changes as a result of the change in terms or conditions. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods therein, with early adoption permitted. The adoption of this accounting standards update did not have a material effect on the Company’s net income, cash flows or financial condition.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In August 2017, the FASB issued an accounting standards update which simplifies certain aspects of hedge accounting and improves disclosures of hedging arrangements through the elimination of the requirement to separately measure and report hedge ineffectiveness. This update generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item in order to align financial reporting of hedge relationships with economic results. Entities must apply the amendments to cash flow and net investment hedge relationships that exist on the date of adoption using a modified retrospective approach. The presentation and disclosure requirements must be applied prospectively. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods therein, with early adoption permitted. The adoption of this accounting standards update did not have a material effect on the Company's net income, cash flows or financial condition.

In February 2018, the FASB issued an accounting standards update which permits entities to reclassify tax effects stranded in accumulated other comprehensive income as a result of the enactment of the Tax Cuts and Jobs Act (U.S. Tax Reform) to retained earnings. Entities can elect to apply the guidance retrospectively or in the period of adoption. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods therein, with early adoption permitted. The adoption of this accounting standards update did not have a material effect on the Company's net income, cash flows or financial condition.

In March 2018, the FASB issued an accounting standards update which allowed SEC registrants to record provisional amounts in earnings for the year ended December 31, 2017 due to the complexities involved in accounting for the enactment of U.S. Tax Reform. The standard was effective upon issuance. The Company recognized the estimated income tax effects of U.S. Tax Reform in its 2017 Consolidated Financial Statements in accordance with SEC Staff Accounting Bulletin No. 118 (SAB No. 118). Refer to Note 6. Income Taxes, for further information regarding the provisional amounts recorded by the Company as of December 31, 2017.

2. ACCOUNTING POLICIES RELATED TO REVENUE WITH CONTRACTS WITH CUSTOMERS

The Company records revenue, net of sales tax, when the following five steps have been completed:

- Identification of the contract(s) with a customer
- Identification of the performance obligation(s) in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy performance obligations

The Company records revenue when, or as, performance obligations are satisfied by transferring control of a promised good or service to the customer. The Company evaluates the transfer of control primarily from the customer's perspective where the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service.

Our product revenue includes hardware and software which is generally recognized at a point in time, once all conditions for revenue recognition have been met. For hardware products, control is generally transferred when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits of the products, which generally coincides with when the customer has assumed risk of loss of the goods sold. For software products, control is generally transferred when the customer takes possession of, or has complete access to, the software. In certain instances, customer acceptance is required prior to the passage of title and risk of loss of the delivered products. In such cases, revenue is not recognized until the customer acceptance is obtained. Delivery, acceptance, and transfer of title and risk of loss generally occur in the same reporting period. NCR's customers may request that delivery and passage of title and risk of loss occur on a bill and hold basis.

Our services revenue includes software as a service (SaaS), professional consulting, installation and maintenance support. SaaS primarily consists of fees to provide our customers access to our platform and cloud-based applications. Revenue from SaaS contracts is recognized as variable consideration directly allocated based on customer usage or on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Professional consulting primarily consists of software implementation, integration, customization and optimization services. Revenue from professional consulting contracts that involve significant production, modification or customization of the software is recognized over time as the services are performed. Revenue from professional consulting contracts that does not involve significant production, modification or customization of the software is recognized when the services are completed or customer acceptance of the service is received, if required. For installation and maintenance, control is transferred as the services are provided or ratably over the service period, or, if applicable, after customer acceptance of the service. We apply the 'as invoiced' practical expedient, for performance obligations satisfied over time, if the amount we may invoice corresponds directly with the value to the customer of the Company's performance to date. This expedient

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

permits us to recognize revenue in the amount we invoice the customer.

NCR frequently enters contracts that include multiple performance obligations, including hardware, software, professional consulting services, installation services and maintenance support services. For these arrangements, the Company allocates the transaction price, at contract inception, to each performance obligation on a relative standalone selling price basis. The primary method used to estimate standalone selling price is the price that the Company charges for that good or service when the Company sells it separately in similar circumstances to similar customers.

If a contract includes software and services that involve significant production, modification or customization of the software, the services are not distinct from the software. For these contracts, both the software and professional services revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Estimated losses, if any, are recognized as soon as such losses become known.

The nature of our arrangements gives rise to several types of variable consideration including service level agreement credits, stock rotation rights, trade-in credits and volume-based rebates. At contract inception, we include this variable consideration in our transaction price when there is a basis to reasonably estimate the amount of the fee and it is probable there will not be a significant reversal. These estimates are generally made using the expected value method and a portfolio approach, based on historical experience, anticipated performance and our best judgment at the time. These estimates are reassessed at each reporting date. Because of our confidence in estimating these amounts, they are included in the transaction price of our contracts and the associated remaining performance obligations.

As a practical expedient, we do not adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract inception, that the period between our transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. Payment terms with our customers are established based on industry and regional practices and generally do not exceed 30 days. We do not typically include extended payment terms in our contracts with customers.

The Company also does not adjust the transaction price for taxes collected from customers, as those amounts are netted against amounts remitted to government authorities.

We account for shipping and handling activities related to contracts with customers as costs to fulfill our promise to transfer the associated products, rather than as a separate performance obligation. Accordingly, we record amounts billed for shipping and handling costs as a component of net product sales, and classify such costs as a component of cost of products.

Accounts Receivable, net

Accounts receivable, net includes amounts billed and currently due from customers as well as amounts unbilled which typically result from sales under contracts where revenue recognized exceeds the amount billed to the customer and where the Company has an unconditional right to consideration. The amounts due are stated at their net estimated realizable value. NCR establishes provisions for doubtful accounts using percentages of accounts receivable balances to reflect historical average credit losses and specific provisions for known issues, such as risks of default.

Contract Assets and Liabilities

Contract assets include unbilled amounts where right to payment is not solely subject to the passage of time. Amounts may not exceed their net realizable value. Contract liabilities consist of advance payments, billings in excess of revenue recognized and deferred revenue.

Our contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. If the net position is a contract asset, the current portion is included in other current assets and the non-current portion is included in other assets in the Condensed Consolidated Balance Sheet. If the net position is a contract liability, the current portion is included in contract liabilities and the non-current portion is included in other liabilities in the Condensed Consolidated Balance Sheet.

The following table presents the net contract asset and contract liability balances as of June 30, 2018 and January 1, 2018:

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	Location in the Condensed Consolidated Balance Sheet	June 30, 2018	January 1, 2018
Current portion of contract assets	Other current assets	\$ 22	\$ 28
Current portion of contract liabilities	Contract liabilities	\$ 469	\$ 458
Non-current portion of contract liabilities	Other liabilities	\$ 90	\$ 95

During the six months ended June 30, 2018, the Company recognized \$266 million in revenue that was included in contract liabilities as of January 1, 2018.

Deferred Commissions

Our incremental costs of obtaining a contract, which consist of certain sales commissions, primarily for our SaaS revenue, are deferred and amortized on a straight-line basis over the period of expected benefit. We determined the period of expected benefit by taking into consideration customer contracts, the estimated life of the customer relationship, including renewals when the renewal commission is not commensurate with the initial commission, the expected life of the underlying technology and other factors. We classify deferred commissions as current or non-current based on the timing of when we expect to recognize the expense. The current and non-current portions of deferred commissions are included in other current assets and other assets, respectively, in the Condensed Consolidated Balance Sheet as of June 30, 2018. Amortization of deferred commissions is included in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018.

Set-up Fees and Costs

Fees for the design, configuration, implementation and installation related to the software applications that are provided as a service are recognized over the contract term, which is generally 5 years. The related costs incurred that are determined to be incremental and recoverable contract-specific costs are deferred and amortized over the period of benefit, which is generally 7 years.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price of orders for which products have not been delivered or services have not been performed. As of June 30, 2018, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$4 billion. The Company expects to recognize revenue on approximately three-quarters of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter. The majority of our professional services are expected to be recognized over the next twelve months but this is contingent upon a number of factors, including customers' needs and schedules.

The Company has made two elections which affect the value of remaining performance obligations described above. We do not disclose remaining performance obligations for SaaS contracts where variable consideration is directly allocated based on usage or when the original expected length is one year or less.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

3. REVENUE RECOGNIZED UNDER PREVIOUS GUIDANCE

As noted in Note 1. Basis of Presentation and Summary of Significant Accounting Policies, the Company adopted the new revenue recognition guidance effective January 1, 2018, using the modified retrospective approach. As a result, we recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings as of January 1, 2018. Adopting the new standard primarily impacted the deferral of incremental commission costs of obtaining SaaS contracts with customers. Other changes impact the timing of recognition for term-based software license sales and renewals, and estimating variable consideration at contract inception.

The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. As such, the following table presents the results for the three and six months ended June 30, 2018 under the previous guidance:

In millions, except per share amounts	Three months ended June 30, 2018		
	Under Current Guidance	Adjustments	Under Previous Guidance
Condensed Consolidated Statement of Operations			
Product revenue	\$ 525	\$ (3)	\$ 522
Cost of products	451	—	451
Loss from operations	(106)	(3)	(109)
Loss from continuing operations before income taxes	(156)	(3)	(159)
Income tax benefit	(12)	(1)	(13)
Loss from continuing operations	(144)	(2)	(146)
Net loss	(146)	(2)	(148)
Net loss attributable to NCR	\$ (145)	\$ (2)	\$ (147)
Loss per common share from continuing operations			
Basic	\$ (1.31)	\$ (0.02)	\$ (1.33)
Diluted	\$ (1.31)	\$ (0.02)	\$ (1.33)
Net loss per common share			
Basic	\$ (1.33)	\$ (0.02)	\$ (1.35)
Diluted	\$ (1.33)	\$ (0.02)	\$ (1.35)

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions, except per share amounts	Six months ended June 30, 2018		
	Under Current Guidance	Adjustments	Under Previous Guidance
Condensed Consolidated Statement of Operations			
Product revenue	\$ 1,051	\$ (10)	\$ 1,041
Cost of products	871	(2)	869
Income (loss) from operations	3	(8)	(5)
Loss from continuing operations before income taxes	(93)	(8)	(101)
Income tax benefit	(5)	(2)	(7)
Loss from continuing operations	(88)	(6)	(94)
Net loss	(125)	(6)	(131)
Net loss attributable to NCR	\$ (125)	\$ (6)	\$ (131)
Loss per common share from continuing operations			
Basic	\$ (0.94)	\$ (0.05)	\$ (0.99)
Diluted	\$ (0.94)	\$ (0.05)	\$ (0.99)
Net loss per common share			
Basic	\$ (1.26)	\$ (0.05)	\$ (1.31)
Diluted	\$ (1.26)	\$ (0.05)	\$ (1.31)

The following table presents balances as of June 30, 2018 under the current and previous guidance:

In millions	Under Current Guidance	Adjustments	Under Previous Guidance
Condensed Consolidated Balance Sheet			
Assets			
Accounts receivable, net	\$ 1,272	\$ 22	\$ 1,294
Other current assets	282	(24)	258
Total current assets	2,739	(2)	2,737
Deferred income taxes	472	2	474
Other assets	593	(13)	580
Total Assets	\$ 7,364	\$ (13)	\$ 7,351
Liabilities			
Contract liabilities	\$ 469	\$ (3)	\$ 466
Other current liabilities	310	(2)	308
Total current liabilities	1,879	(5)	1,874
Total liabilities	6,144	(5)	6,139
Retained earnings	594	(8)	586
Total NCR stockholders' equity	371	(8)	363
Total stockholders' equity	374	(8)	366
Total liabilities and stockholders' equity	\$ 7,364	\$ (13)	\$ 7,351

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

4. GOODWILL AND LONG-LIVED ASSETS

In addition to our annual goodwill impairment test performed in the fourth quarter, we perform interim impairment tests for long-lived and intangible assets, including goodwill, whenever events or changes in circumstances indicate that the carrying amount of the asset (group), which is the reporting unit for goodwill purposes, may not be recoverable. As noted in the Company's 2017 Annual Report on Form 10-K, our annual impairment test indicated that the Company's hardware segment had the least amount of excess fair value over the carrying value, where the excess of fair value over carrying value was approximately 20%.

Late in the quarter ended June 30, 2018, we determined there was an indication that the carrying value of the net assets assigned to the Hardware reporting unit may not be recoverable. This determination was based on the lowering of our full year forecast for 2018, driven by reduced revenue and gross margin rates expected for the third and fourth quarters of 2018, and the resulting impact on the current year and future cash flow projections of the Hardware reporting unit.

Given the undiscounted cash flows of the asset group, which we determined to be at the reporting unit level, were below the carrying value of the net assets, we recorded an impairment charge for the difference between the fair value and the carrying value of the long-lived assets. The fair value of the long-lived assets was determined based on the nature of the asset through either third party appraisals, replacement cost or discounted cash flow analysis.

For goodwill, consistent with the annual impairment test, fair value of the Hardware reporting unit was estimated using a weighted methodology considering the output from both the income and market approaches. The income approach incorporates the use of discounted cash flow (DCF) analysis. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including markets and market shares, sales volumes and prices, costs to produce, tax rates, capital spending, discount rate and working capital changes. The market approach is performed using the Guideline Public Companies (GPC) method which is based on earnings multiple data. Under both approaches, the fair value of the Hardware reporting unit was determined to be below the net asset value. Accordingly, we recorded an impairment charge up to the value of the goodwill assigned to the Hardware reporting unit which was the full amount recorded. Refer to Note 1. Basis of Presentation and Summary of Significant Accounting Policies for disclosure of adoption of new accounting guidance which eliminates the requirement to measure the implied fair value of goodwill to measure a goodwill impairment charge.

As a result, the Company recorded impairment charges of \$21 million related to property, plant and equipment held and used in NCR's hardware reporting unit, \$16 million related to purchased intangibles and \$146 million for goodwill assigned to the Hardware reporting unit. These charges were recorded in the line item asset impairment charges in our Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2018.

The carrying amounts of goodwill by segment as of June 30, 2018 and December 31, 2017 are included in the table below. Foreign currency fluctuations are included within other adjustments.

In millions	December 31, 2017			Additions	Impairment	Other	June 30, 2018		
	Goodwill	Accumulated Impairment Losses	Total				Goodwill	Accumulated Impairment Losses	Total
Software	\$ 1,944	\$ (7)	\$ 1,937	\$ —	\$ —	\$ (5)	\$ 1,939	\$ (7)	\$ 1,932
Services	658	—	658	—	—	—	658	—	658
Hardware	162	(16)	146	—	(146)	—	162	(162)	—
Total goodwill	\$ 2,764	\$ (23)	\$ 2,741	\$ —	\$ (146)	\$ (5)	\$ 2,759	\$ (169)	\$ 2,590

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

NCR's purchased intangible assets, reported in intangibles, net in the Condensed Consolidated Balance Sheets, were specifically identified when acquired, and are deemed to have finite lives. The gross carrying amount and accumulated amortization for NCR's identifiable intangible assets were as set forth in the table below.

In millions	Amortization Period (in Years)	June 30, 2018		December 31, 2017	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Identifiable intangible assets					
Reseller & customer relationships	1 - 20	\$ 659	\$ (194)	\$ 659	\$ (170)
Intellectual property	2 - 8	393	(364)	410	(351)
Customer contracts	8	89	(84)	89	(81)
Tradenames	2 - 10	73	(55)	73	(51)
Total identifiable intangible assets		\$ 1,214	\$ (697)	\$ 1,231	\$ (653)

The aggregate amortization expense (actual and estimated) for identifiable intangible assets for the following periods is:

In millions	Three months ended June 30, 2018	Six months ended June 30, 2018	Remainder of 2018 (estimated)
Amortization expense	\$ 21	\$ 44	\$ 41

In millions	For the years ended December 31 (estimated)				
	2019	2020	2021	2022	2023
Amortization expense	\$ 75	\$ 57	\$ 49	\$ 45	\$ 43

5. DEBT OBLIGATIONS

The following table summarizes the Company's short-term borrowings and long-term debt:

In millions, except percentages	June 30, 2018		December 31, 2017	
	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Short-Term Borrowings				
Current portion of Senior Secured Credit Facility ⁽¹⁾	\$ 56	3.84%	\$ 51	3.21%
Trade Receivables Securitization Facility	100	3.02%	—	
Other ⁽²⁾	4	6.71%	1	3.71%
Total short-term borrowings	\$ 160		\$ 52	
Long-Term Debt				
Senior Secured Credit Facility:				
Term loan facility ⁽¹⁾	\$ 720	3.84%	\$ 759	3.21%
Revolving credit facility ⁽¹⁾	50	3.86%	—	
Senior notes:				
5.00% Senior Notes due 2022	600		600	
4.625% Senior Notes due 2021	500		500	
5.875% Senior Notes due 2021	400		400	
6.375% Senior Notes due 2023	700		700	
Deferred financing fees	(21)		(23)	
Other ⁽²⁾	3	1.31%	3	1.62%
Total long-term debt	\$ 2,952		\$ 2,939	

⁽¹⁾ Interest rates are weighted-average interest rates as of June 30, 2018 and December 31, 2017.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

(2) Interest rates are weighted-average interest rates as of June 30, 2018 and December 31, 2017 primarily related to various international credit facilities.

Senior Secured Credit Facility On March 31, 2016, the Company amended and restated its senior secured credit facility with and among certain foreign subsidiaries of NCR (the Foreign Borrowers), the lenders party thereto and JPMorgan Chase Bank, NA (JPMCB) as the administrative agent, and refinanced its term loan facility and revolving credit facility thereunder (the Senior Secured Credit Facility). As of June 30, 2018, the Senior Secured Credit Facility consisted of a term loan facility with an aggregate principal amount outstanding of \$776 million and a revolving credit facility with an aggregate principal amount of \$1.1 billion, of which \$50 million was outstanding. The revolving credit facility also allows a portion of the availability to be used for outstanding letters of credit, and as of June 30, 2018, there were no letters of credit outstanding.

Up to \$400 million of the revolving credit facility is available to the Foreign Borrowers. Term loans were made to the Company in U.S. Dollars, and loans under the revolving credit facility are available in U.S. Dollars, Euros and Pound Sterling.

The outstanding principal balance of the term loan facility is required to be repaid in equal quarterly installments of approximately \$17 million beginning June 30, 2018, and \$23 million beginning June 30, 2019, with the balance being due at maturity on March 31, 2021. Borrowings under the revolving portion of the credit facility are due March 31, 2021. Amounts outstanding under the Senior Secured Credit Facility bear interest at LIBOR (or, in the case of amounts denominated in Euros, EURIBOR), or, at NCR's option, in the case of amounts denominated in U.S. Dollars, at a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) JPMCB's "prime rate" and (c) the one-month LIBOR rate plus 1.00% (the Base Rate), plus, in each case, a margin ranging from 1.25% to 2.25% for LIBOR-based loans that are either term loans or revolving loans and EURIBOR-based revolving loans and ranging from 0.25% to 1.25% for Base Rate-based loans that are either term loans or revolving loans, in each case, depending on the Company's consolidated leverage ratio. The terms of the Senior Secured Credit Facility also require certain other fees and payments to be made by the Company, including a commitment fee on the undrawn portion of the revolving credit facility.

The obligations of the Company and Foreign Borrowers under the Senior Secured Credit Facility are guaranteed by certain of the Company's wholly-owned domestic subsidiaries. The Senior Secured Credit Facility and these guarantees are secured by a first priority lien and security interest in certain equity interests owned by the Company and the guarantor subsidiaries in certain of their respective domestic and foreign subsidiaries, and a perfected first priority lien and security interest in substantially all of the Company's U.S. assets and the assets of the guarantor subsidiaries, subject to certain exclusions. These security interests would be released if the Company achieves an "investment grade" rating, and will remain released so long as the Company maintains that rating.

The Senior Secured Credit Facility includes affirmative and negative covenants that restrict or limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness; create liens on assets; engage in certain fundamental corporate changes or changes to the Company's business activities; make investments; sell or otherwise dispose of assets; engage in sale-leaseback or hedging transactions; repurchase stock, pay dividends or make similar distributions; repay other indebtedness; engage in certain affiliate transactions; or enter into agreements that restrict the Company's ability to create liens, pay dividends or make loan repayments. The Senior Secured Credit Facility also includes financial covenants that require the Company to maintain:

- a consolidated leverage ratio on the last day of any fiscal quarter, not to exceed (i) in the case of any fiscal quarter ending after December 31, 2017 and on or prior to December 31, 2019, (a) the sum of 4.00 and an amount (not to exceed 0.50) to reflect debt used to reduce NCR's unfunded pension liabilities to (b) 1.00, and (ii) in the case of any fiscal quarter ending after December 31, 2019, the sum of (a) 3.75 and an amount (not to exceed 0.50) to reflect debt used to reduce NCR's unfunded pension liabilities to (b) 1.00; and
- an interest coverage ratio on the last day of any fiscal quarter greater than or equal to 3.50 to 1.00.

At June 30, 2018, the maximum consolidated leverage ratio under the Senior Secured Credit Facility was 4.10 to 1.00.

The Senior Secured Credit Facility also includes provisions for events of default, which are customary for similar financings. Upon the occurrence of an event of default, the lenders may, among other things, terminate the loan commitments, accelerate all loans and require cash collateral deposits in respect of outstanding letters of credit. If the Company is unable to pay or repay the amounts due, the lenders could, among other things, proceed against the collateral granted to them to secure such indebtedness.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

The Company may request, at any time and from time to time, but the lenders are not obligated to fund, the establishment of one or more incremental term loans and/or revolving credit facilities (subject to the agreement of existing lenders or additional financial institutions to provide such term loans and/or revolving credit facilities) with commitments in an aggregate amount not to exceed the greater of (i) \$150 million, and (ii) such amount as would not (a) prior to the date that the Company obtains an investment grade rating cause the leverage ratio under the Senior Secured Credit Facility, calculated on a pro forma basis including the incremental facility and assuming that it and the revolver are fully drawn, to exceed 2.50 to 1.00, and (b) on and after the date that the Company obtains an investment grade rating cause the leverage ratio under the Senior Secured Credit Facility, calculated on a pro forma basis including the incremental facility and assuming that it and the revolver are fully drawn, to exceed a ratio that is 0.50 less than the leverage ratio then applicable under the financial covenants of the Senior Secured Credit Facility, the proceeds of which can be used for working capital requirements and other general corporate purposes.

Senior Unsecured Notes On September 17, 2012, the Company issued \$600 million aggregate principal amount of 5.00% senior unsecured notes due in 2022 (the 5.00% Notes). The 5.00% Notes were sold at 100% of the principal amount and will mature on July 15, 2022. On December 18, 2012, the Company issued \$500 million aggregate principal amount of 4.625% senior unsecured notes due in 2021 (the 4.625% Notes). The 4.625% Notes were sold at 100% of the principal amount and will mature on February 15, 2021. On December 19, 2013, the Company issued \$400 million aggregate principal amount of 5.875% senior unsecured notes due in 2021 (the 5.875% Notes) and \$700 million aggregate principal amount of 6.375% senior unsecured notes due in 2023 (the 6.375% Notes). The 5.875% Notes were sold at 100% of the principal amount and will mature on December 15, 2021 and the 6.375% Notes were sold at 100% of the principal amount and will mature on December 15, 2023. The senior unsecured notes are guaranteed, fully and unconditionally, on an unsecured senior basis, by our subsidiary, NCR International, Inc. Under the indentures for these notes, the Company has the option to redeem each series of notes, in whole or in part, at various times for specified prices, plus accrued and unpaid interest.

The terms of the indentures for these notes limit the ability of the Company and certain of its subsidiaries to, among other things, incur additional debt or issue redeemable preferred stock; pay dividends or make certain other restricted payments or investments; incur liens; sell assets; incur restrictions on the ability of the Company's subsidiaries to pay dividends to the Company; enter into affiliate transactions; engage in sale and leaseback transactions; and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's or such subsidiaries' assets. These covenants are subject to significant exceptions and qualifications. For example, if these notes are assigned an investment grade rating by Moody's or S&P and no default has occurred or is continuing, certain covenants will be terminated.

Trade Receivables Securitization Facility In November 2014, the Company established a two-year revolving trade receivables securitization facility (the A/R Facility) with PNC Bank, National Association (PNC) as the administrative agent, and various lenders. In November 2016, the Company amended the A/R Facility to extend the maturity date to November 2018. The A/R Facility provides for up to \$200 million in funding based on the availability of eligible receivables and other customary factors and conditions.

Under the A/R Facility, NCR sells and/or contributes certain of its U.S. trade receivables to a wholly-owned, bankruptcy-remote subsidiary as they are originated, and advances by the lenders to that subsidiary are secured by those trade receivables. The assets of this financing subsidiary are restricted as collateral for the payment of its obligations under the A/R Facility, and its assets and credit are not available to satisfy the debts and obligations owed to the creditors of the Company. The Company includes the assets, liabilities and results of operations of this financing subsidiary in its consolidated financial statements. The financing subsidiary owned \$505 million and \$491 million of outstanding accounts receivable as of June 30, 2018 and December 31, 2017, respectively, and these amounts are included in accounts receivable, net in the Company's Condensed Consolidated Balance Sheets.

The financing subsidiary pays annual commitment and other customary fees to the lenders, and advances by a lender under the A/R Facility accrue interest (i) at a reserve-adjusted LIBOR rate or a base rate equal to the highest of (a) the applicable lender's prime rate or (b) the federal funds rate plus 0.50%, if the lender is a committed lender, or (ii) based on commercial paper interest rates if the lender is a commercial paper conduit lender. Advances may be prepaid at any time without premium or penalty.

The A/R Facility contains various customary affirmative and negative covenants and default and termination provisions that provide for the acceleration of the advances under the A/R Facility in circumstances including, but not limited to, failure to pay interest or principal when due, breach of representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

Fair Value of Debt The Company utilized Level 2 inputs, as defined in the fair value hierarchy, to measure the fair value of the long-term debt, which, as of June 30, 2018 and December 31, 2017 was \$3.16 billion and \$3.07 billion, respectively. Management's

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

fair value estimates were based on quoted prices for recent trades of NCR's long-term debt, quoted prices for similar instruments, and inquiries with certain investment communities.

6. INCOME TAXES

Income tax provisions for interim (quarterly) periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items. Income tax benefit was \$12 million for the three months ended June 30, 2018 compared to income tax expense of \$33 million for the three months ended June 30, 2017. The decrease in income tax expense was driven by lower income before taxes, the impacts of U.S. Tax Reform and an increase in discrete benefits in the three months ended June 30, 2018. The increase in discrete benefits was primarily driven by favorable audit settlements in international jurisdictions.

Income tax benefit was \$5 million for the six months ended June 30, 2018 compared to income tax expense of \$47 million for the six months ended June 30, 2017. The decrease in income tax expense was driven by lower income before taxes, the impacts of U.S. Tax Reform and an increase in discrete benefits in the six months ended June 30, 2018. The increase in discrete benefits was primarily driven by favorable audit settlements in international jurisdictions, partially offset by the decrease of favorable excess tax benefits of share-based compensation awards.

U.S. Tax Reform was enacted in December 2017. The SEC staff issued SAB 118 that allowed the Company to record provisional amounts for the impacts of the legislation, with the requirement that the accounting be completed in a period not to exceed one year from the date of enactment of the legislation. Pursuant to SAB 118, we had reverted to tax law that existed prior to U.S. Tax Reform on the realizability of deferred tax assets for foreign tax credit carryforwards and future repatriation of earnings from our foreign subsidiaries. As of December 31, 2017, the Company had not completed the accounting in its entirety for the tax effects of the legislation.

Due to the timing of the enactment and complexities in the tax legislation, we made reasonable estimates of the effects and recorded provisional amounts in our financial statements as of December 31, 2017. The provisional expense related to the re-measurement of our net U.S. deferred tax assets to the 21% corporate income tax rate and the repatriation tax, net of related foreign tax credits. As of June 30, 2018, the Company has made a \$2 million reduction to the provisional amount for the repatriation tax due to additional guidance issued in the three months ended June 30, 2018. As we continue to evaluate the impact of U.S. Tax Reform and interpret any additional guidance issued by the U.S. Treasury Department or other standard-setting bodies, we may adjust the provisional amounts. Completion of our accounting could lead to a material increase or decrease in our effective tax rate during 2018.

The Company reviewed our United Kingdom net deferred tax assets for recoverability based on the evaluation of positive and negative evidence. A full valuation allowance against net deferred tax assets will be maintained until sufficient positive evidence exists to reduce or eliminate the valuation allowance. The factors considered by management in its determination of the probability of the realization of the deferred tax assets include, but are not limited to, recent historical financial results, historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. As of June 30, 2018, the Company continued to maintain a full valuation allowance against the United Kingdom net deferred tax assets due to insufficient positive evidence and the uncertainty regarding anticipated future earnings at certain subsidiaries in the United Kingdom.

The Company engages in continuous discussions and negotiations with taxing authorities regarding tax matters, and the Company has determined that during 2018 it expects to resolve certain tax matters related to U.S. and foreign jurisdictions. As a result, as of June 30, 2018, we estimate that it is reasonably possible that gross unrecognized tax benefits may decrease by \$50 million to \$55 million in 2018.

7. STOCK COMPENSATION PLANS

As of June 30, 2018, the Company's primary type of stock-based compensation was restricted stock units and stock options. Stock-based compensation expense for the following periods were:

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Restricted stock units	\$ 24	\$ 21	\$ 37	\$ 39
Stock options	1	—	1	—
Employee stock purchase plan	1	1	2	2
Stock-based compensation expense	26	22	40	41
Tax benefit	(4)	(6)	(7)	(12)
Total stock-based compensation expense (net of tax)	<u>\$ 22</u>	<u>\$ 16</u>	<u>\$ 33</u>	<u>\$ 29</u>

Stock-based compensation expense is recognized in the financial statements based upon fair value. During the six months ended June 30, 2018, the Company granted stock options and the weighted average fair value of option grants was estimated based on the below weighted average assumptions, which was \$9.80 for the six months ended June 30, 2018. During the six months ended June 30, 2017 the Company did not grant any stock options.

	Six months ended June 30, 2018
Dividend yield	\$ —
Risk-free interest rate	2.5%
Expected volatility	34.8%
Expected holding period (years)	3.8

Expected volatility is calculated as the historical volatility of the Company's stock over a period equal to the expected term of the options, as management believes this is the best representation of prospective trends. The Company uses historical data to estimate option exercise and employee terminations within the valuation model. The expected holding period represents the period of time that options are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on a blend of the three and five-year U.S. Treasury yield curve in effect at the time of grant.

As of June 30, 2018, the total unrecognized compensation cost of \$127 million related to unvested restricted stock grants is expected to be recognized over a weighted average period of approximately 1.2 years. As of June 30, 2018, the total unrecognized compensation cost of \$15 million related to unvested stock option grants is expected to be recognized over a weighted average period of approximately 1.9 years.

Employee Stock Purchase Plan The Company's Employee Stock Purchase Plan ("ESPP") provides employees a 15% discount on stock purchases using a three-month look-back feature where the discount is applied to the stock price that represents the lower of NCR's closing stock price on either the first day or the last day of each calendar quarter. Participants can contribute between 1% and 10% of their compensation.

For the three months ended June 30, 2018, employees purchased 0.1 million shares, at a discounted price of \$26.18. For the three months ended June 30, 2017, employees purchased 0.1 million shares, at a discounted price of \$38.83.

8. EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost (income) of the pension plans for the three months ended June 30 were as follows:

In millions	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
	2018	2017	2018	2017	2018	2017
Net service cost	\$ —	\$ —	\$ 2	\$ 2	\$ 2	\$ 2
Interest cost	15	18	6	5	21	23
Expected return on plan assets	(11)	(15)	(8)	(8)	(19)	(23)
Net periodic benefit cost (income)	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ 4</u>	<u>\$ 2</u>

Components of net periodic benefit cost (income) of the pension plans for the six months ended June 30 were as follows:

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
	2018	2017	2018	2017	2018	2017
Net service cost	\$ —	\$ —	\$ 4	\$ 4	\$ 4	\$ 4
Interest cost	30	36	11	10	41	46
Expected return on plan assets	(22)	(29)	(16)	(17)	(38)	(46)
Net periodic benefit cost (income)	\$ 8	\$ 7	\$ (1)	\$ (3)	\$ 7	\$ 4

The benefit from the postretirement plan for the following periods were:

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Amortization of:				
Prior service benefit	\$ (2)	\$ (2)	\$ (3)	\$ (3)
Actuarial loss	1	1	1	1
Net postretirement benefit	\$ (1)	\$ (1)	\$ (2)	\$ (2)

The net cost of the postemployment plan for the following periods were:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Net service cost	\$ 9	\$ 5	\$ 19	\$ 19
Interest cost	1	—	2	1
Amortization of:				
Prior service benefit	(1)	(1)	(2)	(2)
Actuarial gain	—	(1)	—	(2)
Net benefit cost	\$ 9	\$ 3	\$ 19	\$ 16

The components of pension, postretirement and postemployment expense (benefit), other than net service cost, are included in other (expense), net in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018 and June 30, 2017.

Employer Contributions

Pension For the three and six months ended June 30, 2018, NCR contributed \$6 million and \$13 million, respectively, to its international pension plans. NCR anticipates contributing an additional \$17 million to its international pension plans for a total of \$30 million in 2018.

Postretirement For the three and six months ended June 30, 2018, NCR contributed zero and \$1 million, respectively, to its U.S. postretirement plan. NCR anticipates contributing an additional \$1 million to its U.S. postretirement plan for a total of \$2 million in 2018.

Postemployment For the three and six months ended June 30, 2018, NCR contributed \$10 million and \$18 million, respectively, to its postemployment plans. NCR anticipates contributing an additional \$42 million to its postemployment plans for a total of \$60 million in 2018.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, NCR is subject to various proceedings, lawsuits, claims and other matters, including, for example, those that relate to the environment and health and safety, labor and employment, employee benefits, import/export compliance, intellectual property, data privacy and security, product liability, commercial disputes and regulatory compliance, among others. Additionally, NCR is subject to diverse and complex laws and regulations, including those relating to corporate governance, public disclosure and reporting, environmental safety and the discharge of materials into the environment, product safety, import and export compliance, data privacy and security, antitrust and competition, government contracting, anti-corruption, and labor and human resources, which are rapidly changing and subject to many possible changes in the future. Compliance with these laws and regulations, including changes in accounting standards, taxation requirements, and federal securities laws among others, may create a substantial burden on, and substantially increase costs to NCR or could have an impact on NCR's future operating results. The Company has reflected all liabilities when a loss is considered probable and reasonably estimable in the Condensed Consolidated Financial Statements. We do not believe there is a reasonable possibility that losses exceeding amounts already recognized have been incurred, but there can be no assurances that the amounts required to satisfy alleged liabilities from such matters will not impact future operating results. Other than as stated below, the Company does not currently expect to incur material capital expenditures related to such matters. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various lawsuits, claims, legal proceedings and other matters, including, but not limited to the Fox River and Kalamazoo River environmental matters and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in NCR's Condensed Consolidated Financial Statements or will not have a material adverse effect on its consolidated results of operations, capital expenditures, competitive position, financial condition or cash flows.

In June 2014, one of the Company's Brazilian subsidiaries, NCR Manaus, was notified of a Brazilian federal tax assessment of R168 million, or approximately \$44 million as of June 30, 2018, including penalties and interest regarding certain federal indirect taxes for 2010 through 2012. The assessment alleges improper importation of certain components into Brazil's free trade zone that would nullify related indirect tax incentives. We have not recorded an accrual for the assessment, as the Company believes it has a valid position regarding indirect taxes in Brazil and, as such, has filed an appeal in 2014. In December 2017, the Company prevailed in this appeal regarding substantially all of the disputed amounts. However, the Brazilian federal tax authority has further appealed this dispute to the next procedural level, so the dispute is ongoing. The Company estimated the aggregate risk related to this matter to be between zero to approximately \$65 million as of June 30, 2018. Although the Company has not recorded an accrual, it is possible that the Company could be required to pay taxes, penalties and interest related to this matter, which could be material to the Company's Condensed Consolidated Financial Statements.

Environmental Matters NCR's facilities and operations are subject to a wide range of environmental protection laws, and NCR has investigatory and remedial activities underway at a number of facilities that it currently owns or operates, or formerly owned or operated, to comply, or to determine compliance, with such laws. Also, NCR has been identified, either by a government agency or by a private party seeking contribution to site clean-up costs, as a potentially responsible party (PRP) at a number of sites pursuant to various state and federal laws, including the Federal Water Pollution Control Act, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and comparable state statutes. Other than the Fox River matter and the Kalamazoo River matter discussed below, we currently do not anticipate material expenses and liabilities from these environmental matters.

Fox River NCR is one of eight entities that were formally notified by governmental and other entities, such as local Native American tribes, that they are PRPs for environmental claims (under CERCLA and other statutes) arising out of the presence of polychlorinated biphenyls (PCBs) in sediments in the lower Fox River and in the Bay of Green Bay in Wisconsin. The other Fox River PRPs that received notices include Appleton Papers Inc. (API; now known as Appvion, Inc.), P.H. Glatfelter Company ("Glatfelter"), Georgia-Pacific Consumer Products LP (GP, successor to Fort James Operating Company), and others. NCR was identified as a PRP because of alleged PCB discharges from two carbonless copy paper manufacturing facilities it previously owned, which were located along the Fox River. NCR sold its facilities in 1978 to API. The parties have also contended that NCR is responsible for PCB discharges from paper mills owned by other companies because NCR carbonless copy paper "broke" was allegedly purchased by those other mills as a raw material.

The United States Environmental Protection Agency (USEPA) and Wisconsin Department of Natural Resources (together, the Governments) developed clean-up plans for the upper and lower parts of the Fox River and for portions of the Bay of Green Bay. On November 13, 2007, the Governments issued a unilateral administrative order (the 2007 Order) under CERCLA to the eight original PRPs, requiring them to perform remedial work under the Governments' clean-up plan for the lower parts of the river (operable units 2 through 5). In April 2009, NCR and API formed a limited liability company (the LLC), which entered into an agreement with an environmental remediation contractor to perform the work at the Fox River site. In-water dredging and remediation under the clean-up plan commenced shortly thereafter.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

NCR and API, along with B.A.T Industries p.l.c. (BAT), share among themselves a portion of the cost of the Fox River clean-up and natural resource damages (NRD) based upon a 1998 agreement (the Cost Sharing Agreement), a 2005 arbitration award (subsequently confirmed as a judgment), and a September 30, 2014 Funding Agreement (the Funding Agreement). The Cost Sharing Agreement and the arbitration resolved disputes that arose out of the Company's 1978 sale of its Fox River facilities to API. The Cost Sharing Agreement and arbitration award resulted in a 45% share for NCR of the first \$75 million of such costs (a threshold that was reached in 2008), and a 40% share for amounts in excess of \$75 million. The Funding Agreement arose out of a 2012 to 2014 arbitration dispute between NCR and API, and provides for regular, ongoing funding of NCR-incurred Fox River remediation costs via contributions, made to a new limited liability corporation created by the Funding Agreement, by BAT, API and, for 2014, API's indemnitor Windward Prospects. The Funding Agreement creates an obligation on BAT and API to fund 50% of NCR's Fox River remediation costs from October 1, 2014 forward; (API's Fox River-related obligations under the Funding Agreement were fully satisfied in 2016); the Funding Agreement also provides NCR contractual avenues for payment of, via direct and third-party sources, (1) the difference between BAT's and API's 60% obligation under the Cost Sharing Agreement and arbitration award on the one hand and their ongoing (since September 2014) 50% payments under the Funding Agreement on the other, as well as (2) the difference between the amount NCR received under the Funding Agreement and the amount owed to it under the Cost Sharing Agreement and arbitration award for the period from April 2012 through September 2014. As of June 30, 2018 and December 31, 2017, the receivable under the Funding Agreement was approximately \$40 million and \$38 million, respectively, and was included in other assets in the Condensed Consolidated Balance Sheet. The Company anticipates that it will collect sums related to the receivable in 2019 or later, likely after the remediation efforts related to the Fox River matter, described below, are complete. This receivable is not taken into account in calculating the Company's Fox River net reserve.

The Company's litigations relating to contribution and enforcement claims concerning the Fox River have largely been concluded. A proposed consent decree settlement (the CD settlement) with respect to the contribution action (a case originally filed by NCR and API) and the government enforcement action (a case originally filed by the federal and state governments against several PRPs, including the Company) was successfully negotiated by NCR and the federal and state governments and was approved by the federal district court in Wisconsin, which had been presiding over those cases, on August 22, 2017. A final order of dismissal as to the Company in the contribution and government enforcement actions was subsequently entered; one party, Glatfelter, has appealed the approval of the CD settlement. That appeal remains pending.

The CD settlement, if approved on appeal, is expected to resolve the remaining Fox River-related claims against the Company. The key components of the approved CD settlement include (1) the Company's commitment to complete the remediation of the Fox River, which is now expected to be completed in 2019 or 2020; (2) the Company's conditional agreement to waive its contribution claims against the two remaining defendants in the case, GP and Glatfelter; (3) the Company's agreement not to appeal the trial court's decision on divisibility of harm; (4) the Governments' agreement to include in the settlement so-called "contribution protection" in the Company's favor as to GP's and Glatfelter's contribution claims against the Company, the effect of which will be to extinguish those claims; (5) the Governments' agreement not to pursue the Company for the Governments' past oversight costs; and (6) the Governments' agreement to exercise prosecutorial discretion in pursuing other parties for future oversight costs and long-term monitoring and maintenance, with the Company retaining so-called "backstop" liability in the event that the other parties fail to pay future oversight costs or to perform long-term monitoring and maintenance. Additionally, although certain state law claims by GP and Glatfelter against the Company may not be affected directly by the CD settlement, the CD settlement provides that the Company's contribution claims against those two parties will revive if those parties attempt to assert any claims against the Company relating to the Fox River, including any state law claims.

In the quarter ending September 30, 2017, the remediation general contractor commenced an arbitration against the LLC, in a dispute over contract interpretation. That dispute is scheduled for a hearing in mid-2019.

With respect to the Company's prior dispute with API, which was generally superseded by the Funding Agreement, the Company received timely payments as they came due under the Funding Agreement. Although API filed for bankruptcy protection in October 2017, it had made all of the payments to the Company in connection with the Fox River that are required of it by the Funding Agreement.

NCR's eventual remediation liability, followed by long-term monitoring expected to be performed by others, will depend on a number of factors. In establishing the reserve, NCR attempts to estimate a range of reasonably possible outcomes for each of these factors, although each range is itself uncertain. NCR uses its best estimate within the range, if that is possible. Where there is a range of equally possible outcomes, and there is no amount within that range that is considered to be a better estimate than any other amount, NCR uses the low end of the range. The significant factors include: (1) the total remaining clean-up costs, including long-term monitoring following completion of the clean-up, and what parties are assigned to discharge the post-clean-up tasks (as noted, the Company no longer expects to bear long-term monitoring costs); (2) total NRD for the site and the share that NCR will bear (which is now resolved as to the Company); (3) the share of clean-up costs that NCR will bear (which is resolved under the CD settlement); (4) NCR's transaction and litigation costs to defend itself in this matter (with remaining litigation believed to be

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

limited to the Glatfelter appeal and the claim brought by the general contractor, both referenced above); and (5) the share of NCR's payments that BAT will bear (which is governed by the Cost Sharing Agreement and the Funding Agreement, as discussed above; API is in bankruptcy and is not presumed likely to bear further shares of NCR's payments). With respect to NRD, in connection with a certain settlement entered into by other PRPs in 2015, the Government withdrew the NRD claims it had prosecuted on behalf of NRD trustees, including those NRD claims asserted against the Company.

Calculation of the Company's Fox River reserve is subject to several complexities, and it is possible there could be additional changes to some elements of the reserve over upcoming periods, although the Company is unable to predict or estimate such changes at this time. There can be no assurance that the clean-up and related expenditures and liabilities will not have a material effect on NCR's capital expenditures, earnings, financial condition, cash flows, or competitive position. As of June 30, 2018, the gross reserve for the Fox River matter was approximately \$28 million, compared to \$36 million as of December 31, 2017. As of June 30, 2018, the net reserve for the Fox River matter was approximately \$27 million, compared to \$35 million as of December 31, 2017. The change in the net reserve is due to payments for clean-up activities and litigation costs. NCR contributes to the LLC to fund remediation activities and generally, by contract, has funded certain amounts of remediation expenses in advance. As of June 30, 2018 and December 31, 2017, approximately zero remained from this funding. NCR's reserve for the Fox River matter is reduced as the LLC makes payments to the remediation contractor and other vendors with respect to remediation activities.

Under a 1996 agreement, AT&T Corp. (AT&T) and Nokia (as the successor to Lucent Technologies and Alcatel-Lucent USA) are responsible severally (not jointly) for indemnifying NCR for certain portions of the amounts paid by NCR for the Fox River matter over a defined threshold and subject to certain offsets. (The agreement governs certain aspects of AT&T's divestiture of NCR and of what was then known as Lucent Technologies.) Those companies have made the payments requested of them by the Company on an ongoing basis.

Kalamazoo River In November 2010, USEPA issued a "general notice letter" to NCR with respect to the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site (Kalamazoo River site) in Michigan. Three other companies - International Paper, Mead Corporation, and Consumers Energy - also received general notice letters at or about the same time. USEPA asserts that the site is contaminated by various substances, primarily PCBs, as a result of discharges by various paper mills located along the river. USEPA does not claim that the Company made direct discharges into the Kalamazoo River, and NCR never had facilities at or near the Kalamazoo River site, but USEPA indicated that "NCR may be liable under Section 107 of CERCLA ... as an arranger, who by contract or agreement, arranged for the disposal, treatment and/or transportation of hazardous substances at the Site." USEPA stated that it "may issue special notice letters to [NCR] and other PRPs for future RI/FS [remedial investigation / feasibility studies] and RD/RA [remedial design / remedial action] negotiations."

In connection with the Kalamazoo River site, in December 2010 the Company, along with two other defendants, was sued in federal court by three Georgia-Pacific (GP) affiliate corporations in a private-party contribution and cost recovery action for alleged pollution. The suit, pending in Michigan, asks that the Company and the other defendants to pay a "fair portion" of these companies' costs. Various removal and remedial actions remain to be decided upon and performed at the Kalamazoo River site, the costs for which generally have not yet been determined; in 2017 Records of Decisions were issued for two parts of the river, but such decisions for the majority of the work are expected to be made only over the next several years. The suit alleges that the Company is liable to the GP entities as an "arranger" under CERCLA. The initial phase of the case was tried in a Michigan federal court in February 2013; on September 26, 2013 the court issued a decision that held NCR was liable as an "arranger" as of at least March 1969. (PCB-containing carbonless copy paper was produced from approximately 1954 to April 1971, and the majority of contamination at the Kalamazoo River site had occurred prior to 1969). NCR preserved its right to appeal the September 2013 decision.

In the 2013 decision the Court did not determine NCR's share of overall liability. Relative shares of liability for the four companies were tried to the court in a subsequent phase of the case in December 2015. In a ruling issued on March 29, 2018, the court addressed responsibility for the costs that GP had incurred in the past, totaling to approximately \$50 million; NCR and GP were each assigned a 40% share of those costs, and the other two companies were assigned 15% and 5% as their allocations. The court entered a judgment in the case on June 19, 2018, in which it indicated that it would not, allocate future costs, but would enter a declaratory judgment that the four companies together had responsibility for future costs, in amounts and shares to be determined. NCR expects to have claims against BAT and API under the Funding Agreement, discussed above for Kalamazoo River remediation expenses. API filed for bankruptcy protection in October 2017, and thus payment of its potential share under the Funding Agreement for so-called "future sites," which would include the Kalamazoo River site, may be at risk, but as liability under the Cost Sharing Agreement and the Funding Agreement is joint and several, the bankruptcy is not anticipated to affect the Company's ability to seek that amount from BAT. The Company will also have indemnity or reimbursement claims against AT&T and Nokia under the arrangement discussed above in connection with the Fox River matter after expenses have met a contractual threshold set out in the 1996 agreement referenced above in the Fox River discussion.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In light of the 2018 decision, the Company has increased its reserve for the Kalamazoo River matter to \$46 million as of June 30, 2018; as many aspects of the costs of remediation will not be determined for several years (and thus the high end of a range of possible costs for many areas of the site cannot be quantified at this time). The Company has made what it considers to be reasonable estimates of the low end of a range for such costs where remedies are identified, and/or of the costs of investigations and studies for areas of the river where remedies have not yet been determined, and the reserve is informed by those estimates. The extent of NCR's potential liability remains subject to many uncertainties, particularly inasmuch as the work to be performed will take place primarily if not exclusively in the 2020s. Under other assumptions or estimates for possible costs of remediation, which the Company does not at this point consider to be reasonably estimable or verifiable, it is possible that the charge the Company has taken to discontinued operations reflected in this paragraph could approximately double.

In July 2018 the Company appealed to the United States Court of Appeals for the Seventh Circuit both the 2013 court decision, which it believes is in conflict with a decision from the Fox River trial court as to Operable Unit 1 of that site and an affirmance of that decision from the Court of Appeals for the Sixth Circuit, and the 2018 court decision, on various legal grounds.

Environmental-Related Insurance Recoveries In connection with the Fox River and other environmental sites, through June 30, 2018, NCR has received a combined gross total of approximately \$202 million in settlements reached with its principal insurance carriers. Portions of many of these settlements agreed in the 2010 through 2013 timeframe are payable to a law firm that litigated the claims on the Company's behalf. Some of the settlements cover not only the Fox River but also other environmental sites; some are limited to the Kalamazoo River site. Some of the settlements are directed to defense costs and some are directed to indemnity costs. The Company does not anticipate the material insurance recoveries specific to Kalamazoo River remediation costs will be available to it, owing to considerations under applicable Michigan law. Claims with respect to Kalamazoo River defense costs have now been settled, with the amounts of those settlements included in the sum reported above.

Environmental Remediation Estimates It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. NCR records environmental provisions when it is probable that a liability has been incurred and the amount or range of the liability is reasonably estimable. Provisions for estimated losses from environmental restoration and remediation are, depending on the site, based generally on internal and third-party environmental studies, estimates as to the number and participation level of other PRPs, the extent of contamination, estimated amounts for attorney and other fees, and the nature of required clean-up and restoration actions. Reserves are adjusted as further information develops or circumstances change. Management expects that the amounts reserved from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites. The amounts provided for environmental matters in NCR's Condensed Consolidated Financial Statements are the estimated gross undiscounted amounts of such liabilities, without deductions for indemnity insurance, third-party indemnity claims or recoveries from other PRPs, except as qualified in the following sentences. In those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectability of such amounts is probable, the amounts are recorded in the Condensed Consolidated Financial Statements. For the Fox River and Kalamazoo River sites, as described above, assets relating to the AT&T and Nokia indemnities and to the BAT obligations are recorded as payment is supported by contractual agreements, public filings and/or payment history.

Guarantees and Product Warranties In the ordinary course of business, NCR may issue performance guarantees on behalf of its subsidiaries to certain of its customers and other parties. Some of those guarantees may be backed by standby letters of credit, surety bonds, or similar instruments. In general, under the guarantees, NCR would be obligated to perform, or cause performance, over the term of the underlying contract in the event of an unexcused, uncured breach by its subsidiary, or some other specified triggering event, in each case as defined by the applicable guarantee. NCR believes the likelihood of having to perform under any such guarantee is remote. As of June 30, 2018 and December 31, 2017, NCR had no material obligations related to such guarantees, and therefore its Condensed Consolidated Financial Statements do not have any associated liability balance.

NCR provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors, such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. When a sale is consummated, the total customer revenue is recognized, provided that all revenue recognition criteria are otherwise satisfied, and the associated warranty liability is recorded using pre-established warranty percentages for the respective product classes.

From time to time, product design or quality corrections are accomplished through modification programs. When identified, associated costs of labor and parts for such programs are estimated and accrued as part of the warranty reserve.

The Company recorded the activity related to the warranty reserve for the six months ended June 30 as follows:

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	2018	2017
Warranty reserve liability		
Beginning balance as of January 1	\$ 26	\$ 27
Accruals for warranties issued	12	18
Settlements (in cash or in kind)	(17)	(21)
Ending balance as of June 30	<u>\$ 21</u>	<u>\$ 24</u>

In addition, NCR provides its customers with certain indemnification rights. In general, NCR agrees to indemnify the customer if a third party asserts patent or other infringement on the part of its customers for its use of the Company's products subject to certain conditions that are generally standard within the Company's industries. On limited occasions the Company will undertake additional indemnification obligations for business reasons. From time to time, NCR also enters into agreements in connection with its acquisition and divestiture activities that include indemnification obligations by the Company. The fair value of these indemnification obligations is not readily determinable due to the conditional nature of the Company's potential obligations and the specific facts and circumstances involved with each particular agreement. The Company has not recorded a liability in connection with these indemnifications, and no current indemnification instance is material to the Company's financial position. Historically, any payments made by the Company under these types of agreements have not had a material effect on the Company's consolidated financial condition, results of operations or cash flows.

10. SERIES A CONVERTIBLE PREFERRED STOCK

On December 4, 2015, NCR issued 820,000 shares of Series A Convertible Preferred Stock to certain entities affiliated with The Blackstone Group L.P. for an aggregate purchase price of \$820 million, or \$1,000 per share, pursuant to an Investment Agreement between the Company and Blackstone, dated November 11, 2015. In connection with the issuance of the Series A Convertible Preferred Stock, the Company incurred direct and incremental expenses of \$26 million, including financial advisory fees, closing costs, legal expenses and other offering-related expenses. These direct and incremental expenses reduced the Series A Convertible Preferred Stock, and will be accreted through retained earnings as a deemed dividend from the date of issuance through the first possible known redemption date, March 16, 2024. Holders of Series A Convertible Preferred Stock are entitled to a cumulative dividend at the rate of 5.5% per annum, payable quarterly in arrears. During the three months ended June 30, 2018 and 2017, the Company paid dividends-in-kind of \$12 million and \$11 million, respectively, associated with the Series A Convertible Preferred Stock. During the six months ended June 30, 2018 and 2017, the Company paid dividends-in-kind of \$23 million, respectively, associated with the Series A Convertible Preferred Stock. As of June 30, 2018 and December 31, 2017, the Company had accrued dividends of \$3 million, respectively, associated with the Series A Convertible Preferred Stock. There were no cash dividends declared during the three and six months ended June 30, 2018 or 2017.

The Series A Convertible Preferred Stock is convertible at the option of the holders at any time into shares of common stock at a conversion price of \$30.00 per share, or a conversion rate of 33.333 shares of common stock per share of Series A Convertible Preferred Stock.

Under the Investment Agreement, Blackstone agreed not to sell or otherwise transfer its shares of Series A Convertible Preferred Stock (or any shares of common stock issued upon conversion thereof) without the Company's consent until June 4, 2017. In March 2017, we provided Blackstone with an early release from this lock-up, allowing Blackstone to sell approximately 49% of its shares of Series A Convertible Preferred Stock, and in return, Blackstone agreed to amend the Investment Agreement to extend the lock-up on the remaining 51% of its shares of Series A Convertible Preferred Stock for six months until December 1, 2017.

In connection with the early release of the lock-up, Blackstone offered for sale 342,000 shares of Series A Convertible Preferred Stock in an underwritten public offering. In addition, Blackstone converted 90,000 shares of Series A Convertible Preferred Stock into shares of our common stock and we repurchased those shares of common stock for \$48.47 per share. The underwritten offering and the stock repurchase were consummated on March 17, 2017.

The repurchase of the common shares immediately upon conversion is considered a redemption of the related preferred shares. As a result, the excess of the fair value of consideration transferred over the carrying value, of \$58 million, was included as a deemed dividend in adjusting the income from common stockholders in calculating earnings per share for the six months ended June 30, 2017. Additionally, we determined that the changes to the lock-up period were considered a modification of the Series A Convertible Preferred Stock. The impact of the modification, calculated as the difference in the fair value immediately before and immediately after the changes, of \$4 million, was included as a deemed dividend in adjusting the income from common stockholders in calculating earnings per share for the six months ended June 30, 2017. This adjustment was recorded as an increase

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

to the Series A Convertible Preferred Shares and will reduce the accretion of the direct and incremental expenses associated with the original offering as described above. Refer to Note 12. Earnings per Share for additional discussion.

As of June 30, 2018 and December 31, 2017, the maximum number of common shares that could be required to be issued upon conversion of the outstanding shares of Series A Convertible Preferred Stock was 28.2 million and 27.5 million shares, respectively.

11. STOCKHOLDER'S EQUITY

Changes in stockholders' equity in the six months ended June 30, 2018 were as follows:

in millions	NCR Stockholders' Equity	Non-Redeemable Noncontrolling Interests in Subsidiaries	Total Stockholders' Equity
Balance at December 31, 2017	\$ 719	\$ 3	\$ 722
Adoption of accounting standard updates	15	—	15
Balance at January 1, 2018	734	3	737
Net loss	(125)	—	(125)
Other comprehensive loss	(26)	—	(26)
Repurchases of Company common stock	(210)	—	(210)
Series A Convertible Preferred Stock dividends	(24)	—	(24)
Employee stock compensation expense	40	—	40
Tax withholdings related to vesting of stock based awards	(29)	—	(29)
Proceeds from employee stock plans	11	—	11
Balance at June 30, 2018	\$ 371	\$ 3	\$ 374

During the six months ended June 30, 2018, the Company repurchased 6.1 million shares of its common stock for \$210 million. Upon repurchase, the shares were retired. Refer to Note 1. Basis of Presentation and Summary of Significant Accounting Policies for further discussion of the adoption of accounting standard updates.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

12. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing net income or loss attributable to NCR, less any dividends (declared or cumulative undeclared), deemed dividends, accretion or decrction, redemption or induced conversion on our Series A Convertible Preferred Stock, by the weighted average number of shares outstanding during the period.

In computing diluted EPS, we adjust the numerator used in the basic EPS computation, subject to anti-dilution requirements, to add back the dividends (declared or cumulative undeclared), deemed dividends, accretion or decrction, redemption or induced conversion on our Series A Convertible Preferred Stock. We adjust the denominator used in the basic EPS computation, subject to anti-dilution requirements, to include the dilution from potential shares related to the Series A Convertible Preferred Stock and stock-based compensation plans.

The holders of Series A Convertible Preferred Stock, unvested restricted stock units and stock options do not have nonforfeitable rights to common stock dividends or common stock dividend equivalents. Accordingly, the Series A Convertible Preferred Stock, unvested restricted stock units and stock options do not qualify as participating securities. See Note 7. Stock Compensation Plans for share information on NCR's stock compensation plans.

The components of basic earnings per share are as follows:

In millions, except per share amounts	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Numerator				
(Loss) income from continuing operations	\$ (143)	\$ 97	\$ (88)	\$ 154
Series A Convertible Preferred Stock dividends	(12)	(12)	(24)	(24)
Deemed dividend on modification of Series A Convertible Preferred Stock	—	—	—	(4)
Deemed dividend on Series A Convertible Preferred Stock redemption	—	—	—	(58)
Net (loss) income from continuing operations attributable to NCR common stockholders	(155)	85	(112)	68
(Loss) income from discontinued operations, net of tax	(2)	5	(37)	5
Net (loss) income attributable to NCR common stockholders	\$ (157)	\$ 90	\$ (149)	\$ 73
Denominator				
Basic weighted average number of shares outstanding	117.9	121.4	118.6	122.1
Basic (loss) earnings per share:				
From continuing operations	\$ (1.31)	\$ 0.70	\$ (0.94)	\$ 0.56
From discontinued operations	(0.02)	0.04	(0.32)	0.04
Total basic (loss) earnings per share	\$ (1.33)	\$ 0.74	\$ (1.26)	\$ 0.60

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

The components of diluted earnings per share are as follows:

In millions, except per share amounts	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Numerator				
(Loss) income from continuing operations	\$ (143)	\$ 97	\$ (88)	\$ 154
Series A Convertible Preferred Stock dividends	(12)	—	(24)	(24)
Deemed dividend on modification of Series A Convertible Preferred Stock	—	—	—	(4)
Deemed dividend on Series A Convertible Preferred Stock redemption	—	—	—	(58)
Net (loss) income from continuing operations attributable to NCR common stockholders	(155)	97	(112)	68
(Loss) income from discontinued operations, net of tax	(2)	5	(37)	5
Net (loss) income attributable to NCR common stockholders	\$ (157)	\$ 102	\$ (149)	\$ 73
Denominator				
Basic weighted average number of shares outstanding	117.9	121.4	118.6	122.1
Dilutive effect of as-if converted Series A Convertible Preferred Stock	—	26.6	—	—
Dilutive effect of restricted stock units	—	4.7	—	5.1
Denominator	117.9	152.7	118.6	127.2
Diluted (loss) earnings per share:				
From continuing operations	\$ (1.31)	\$ 0.64	\$ (0.94)	\$ 0.53
From discontinued operations	(0.02)	0.03	(0.32)	0.04
Total diluted (loss) earnings per share	\$ (1.33)	\$ 0.67	\$ (1.26)	\$ 0.57

For the three months ended June 30, 2018, shares related to the as-if converted Series A Convertible Preferred Stock were excluded from the diluted share count because their effect would have been anti-dilutive. The weighted shares related to as-if converted Series A Convertible Preferred Stock excluded were 28.1 million. Weighted average restricted stock units and stock options of 2.3 million were excluded from the diluted share count because their effect would have been anti-dilutive.

For the three months ended June 30, 2017, it was more dilutive to assume the Series A Convertible Preferred Stock was converted to common stock and therefore weighted average outstanding shares of common stock were adjusted by the as-if converted Series A Convertible Preferred Stock and the diluted earnings per share was calculated excluding the quarterly dividends.

For the six months ended June 30, 2018, shares related to the as-if converted Series A Convertible Preferred Stock were excluded from the diluted share count because their effect would have been anti-dilutive. The weighted shares related to as-if converted Series A Convertible Preferred Stock excluded were 27.9 million. Weighted average restricted stock units of 2.3 million were excluded from the diluted share count because their effect would have been anti-dilutive.

For the six months ended June 30, 2017, shares related to the as-if converted Series A Convertible Preferred Stock were excluded from the diluted share count because their effect would have been anti-dilutive. The weighted shares related to as-if converted Series A Convertible Preferred Stock, considering the existing and redeemed shares, excluded were 27.7 million. Weighted average restricted stock units of 0.5 million were excluded from the diluted share count because their effect would have been anti-dilutive.

13. DERIVATIVES AND HEDGING INSTRUMENTS

NCR is exposed to risks associated with changes in foreign currency exchange rates and interest rates. NCR utilizes a variety of measures to monitor and manage these risks, including the use of derivative financial instruments. NCR has exposure to approximately 50 functional currencies. Since a substantial portion of our operations and revenue occur outside the U.S., and in

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

currencies other than the U.S. Dollar, our results can be significantly impacted, both positively and negatively, by changes in foreign currency exchange rates.

Foreign Currency Exchange Risk

The accounting guidance for derivatives and hedging requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the Condensed Consolidated Balance Sheets. The Company designates foreign exchange contracts as cash flow hedges of forecasted transactions when they are determined to be highly effective at inception.

Our risk management strategy includes hedging, on behalf of certain subsidiaries, a portion of our forecasted, non-functional currency denominated cash flows for a period of up to 15 months. As a result, some of the impact of currency fluctuations on non-functional currency denominated transactions (and hence on subsidiary operating income, as stated in the functional currency), is mitigated in the near term. The amount we hedge and the duration of hedge contracts may vary significantly. In the longer term (greater than 15 months), the subsidiaries are still subject to the effect of translating the functional currency results to U.S. Dollars. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange forward and option contracts. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by NCR's marketing units and the foreign currency denominated inputs to our manufacturing units. The related foreign exchange contracts are designated as highly effective cash flow hedges. The gains or losses on these hedges are deferred in accumulated other comprehensive income (AOCI) and reclassified to income when the underlying hedged transaction is recorded in earnings. As of June 30, 2018, the balance in AOCI related to foreign exchange derivative transactions was a gain of \$3 million, net of tax. The gains or losses from derivative contracts related to inventory purchases are recorded in cost of products when the inventory is sold to an unrelated third party.

We also utilize foreign exchange contracts to hedge our exposure of assets and liabilities denominated in non-functional currencies. We recognize the gains and losses on these types of hedges in earnings as exchange rates change. We do not enter into hedges for speculative purposes.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

The following tables provide information on the location and amounts of derivative fair values in the Condensed Consolidated Balance Sheets:

In millions	Fair Values of Derivative Instruments					
	June 30, 2018					
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
Derivatives designated as hedging instruments						
Foreign exchange contracts	Other current assets	\$ 139	\$ 5	Other current liabilities	\$ —	\$ —
Derivatives not designated as hedging instruments						
Foreign exchange contracts	Other current assets	\$ 164	\$ 1	Other current liabilities	\$ 206	\$ 1
Total derivatives			\$ 6			\$ 1

In millions	Fair Values of Derivative Instruments					
	December 31, 2017					
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
Derivatives designated as hedging instruments						
Foreign exchange contracts	Other current assets	\$ 104	\$ —	Other current liabilities	\$ 142	\$ 1
Derivatives not designated as hedging instruments						
Foreign exchange contracts	Other current assets	\$ 101	\$ 1	Other current liabilities	\$ 292	\$ 1
Total derivatives			\$ 1			\$ 2

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

The effects of derivative instruments on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2018 and 2017 were as follows:

In millions	Amount of Gain (Loss) Recognized in Other Comprehensive Income (OCI) on Derivative		Location of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	Amount of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	
	For the three months ended June 30, 2018	For the three months ended June 30, 2017		For the three months ended June 30, 2018	For the three months ended June 30, 2017
Derivatives in Cash Flow Hedging Relationships					
Foreign exchange contracts	\$ 9	\$ (6)	Cost of products	\$ (1)	\$ (1)

In millions	Amount of Gain (Loss) Recognized in Other Comprehensive Income (OCI) on Derivative		Location of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations (Effective Portion)	Amount of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	
	For the six months ended June 30, 2018	For the six months ended June 30, 2017		For the six months ended June 30, 2018	For the six months ended June 30, 2017
Derivatives in Cash Flow Hedging Relationships					
Foreign exchange contracts	\$ 4	\$ (10)	Cost of products	\$ —	\$ (3)

In millions	Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations	Amount of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations			
			Three months ended June 30		Six months ended June 30	
			2018	2017	2018	2017
	Foreign exchange contracts	Other (expense), net	\$ (3)	\$ —	\$ (3)	\$ (2)

Concentration of Credit Risk

NCR is potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the Condensed Consolidated Balance Sheets. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. NCR's business often involves large transactions with customers, and if one or more of those customers were to default on its obligations under applicable contractual arrangements, the Company could be exposed to potentially significant losses. However, management believes that the reserves for potential losses are adequate. As of June 30, 2018, we did not have any significant concentration of credit risk related to financial instruments.

14. FAIR VALUE OF ASSETS AND LIABILITIES

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities recorded at fair value on a recurring basis as of June 30, 2018 and December 31, 2017 are set forth as follows:

In millions	June 30, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Deposits held in money market mutual funds ⁽¹⁾	\$ 11	\$ 11	\$ —	\$ —
Foreign exchange contracts ⁽²⁾	6	—	6	—
Total	\$ 17	\$ 11	\$ 6	\$ —
Liabilities:				
Foreign exchange contracts ⁽³⁾	\$ 1	\$ —	\$ 1	\$ —
Total	\$ 1	\$ —	\$ 1	\$ —

In millions	December 31, 2017			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Deposits held in money market mutual funds ⁽¹⁾	\$ 90	\$ 90	\$ —	\$ —
Foreign exchange contracts ⁽²⁾	1	—	1	—
Total	\$ 91	\$ 90	\$ 1	\$ —
Liabilities:				
Foreign exchange contracts ⁽³⁾	2	—	2	—
Total	\$ 2	\$ —	\$ 2	\$ —

- (1) Included in Cash and cash equivalents in the Condensed Consolidated Balance Sheets.
- (2) Included in Other current assets in the Condensed Consolidated Balance Sheets.
- (3) Included in Other current liabilities in the Condensed Consolidated Balance Sheets.

Deposits Held in Money Market Mutual Funds A portion of the Company's excess cash is held in money market mutual funds which generate interest income based on prevailing market rates. Money market mutual fund holdings are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy.

Foreign Exchange Contracts As a result of our global operating activities, we are exposed to risks from changes in foreign currency exchange rates, which may adversely affect our financial condition. To manage our exposures and mitigate the impact of currency fluctuations on our financial results, we hedge our primary transactional exposures through the use of foreign exchange forward and option contracts. The foreign exchange contracts are valued using the market approach based on observable market transactions of forward rates and are classified within Level 2 of the valuation hierarchy.

Assets Measured at Fair Value on a Non-recurring Basis

From time to time, certain assets are measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3). NCR reviews the carrying values of investments when events and circumstances warrant and considers all available evidence in evaluating when declines in fair value are other-than-temporary declines. Other than the impairment charges described in Note 4. Goodwill and Long-Lived Assets, no material impairment charges or non-recurring fair value adjustments were recorded during the three and six months ended June 30, 2018 and 2017.

15. SEGMENT INFORMATION AND CONCENTRATIONS

The Company manages and reports the following three segments:

- **Software** - Our software offerings include industry-based software platforms, applications and application suites for the financial services, retail, hospitality and small business industries. We also offer a portfolio of other industry-oriented software applications including cash management software, video banking software, fraud and loss prevention

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

applications, check and document imaging, remote-deposit capture and customer-facing mobile and digital banking applications for the financial services industry; and secure electronic and mobile payment solutions, sector-specific point of sale software applications, and back-office inventory and store and restaurant management applications for the retail and hospitality industries. Additionally, we provide ongoing software support and maintenance services, as well as consulting and implementation services for our software solutions.

- **Services** - Our global end-to-end services solutions include assessment and preparation, staging, installation, implementation, and maintenance and support for our solutions. We also provide systems management and complete managed services for our product offerings. In addition, we provide installation, maintenance and servicing for third party networking products and computer hardware from select manufacturers.
- **Hardware** - Our hardware solutions include our suite of financial-oriented self-service ATM-related hardware, and our retail- and hospitality-oriented point of sale (POS) terminal, self-checkout (SCO) kiosk and related hardware. We also offer other self-service kiosks, such as self-check in/out kiosks for airlines, and wayfinding solutions for buildings and campuses.

These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the chief operating decision maker in assessing segment performance and in allocating the Company's resources. Management evaluates the performance of the segments based on revenue and segment operating income. Assets are not allocated to segments, and thus are not included in the assessment of segment performance, and consequently, we do not disclose total assets by reportable segment.

The accounting policies used to determine the results of the operating segments are the same as those utilized for the consolidated financial statements as a whole. Intersegment sales and transfers are not material.

To maintain operating focus on business performance, non-operational items are excluded from the segment operating results utilized by our chief operating decision maker in evaluating segment performance and are separately delineated to reconcile back to total reported income from operations.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

The following table presents revenue and operating income by segment:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenue by segment				
Software License	\$ 68	\$ 77	\$ 138	\$ 162
Software Maintenance	93	91	184	183
Cloud	155	145	310	287
Professional Services	154	151	298	284
Software	470	464	930	916
Services	610	588	1,211	1,145
ATM	180	227	375	436
SCO	99	96	176	197
POS	178	213	362	367
IPS	—	5	—	10
Hardware	457	541	913	1,010
Consolidated revenue	1,537	1,593	3,054	3,071
Operating income (loss) by segment				
Software	115	127	224	251
Services	77	74	139	118
Hardware	(27)	11	(50)	1
Subtotal - segment operating income	165	212	313	370
Other adjustments ⁽¹⁾	271	37	310	80
(Loss) income from operations	\$ (106)	\$ 175	\$ 3	\$ 290

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

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Transformation and restructuring costs	\$ 66	\$ 8	\$ 82	\$ 21
Asset impairment charges	183	—	183	—
Acquisition-related amortization of intangible assets	21	28	44	57
Acquisition-related costs	1	1	1	2
Total other adjustments	\$ 271	\$ 37	\$ 310	\$ 80

The following table presents revenue by geography for NCR:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Americas	\$ 875	\$ 915	\$ 1,764	\$ 1,762
Europe, Middle East Africa (EMEA)	418	454	826	876
Asia Pacific (APJ)	244	224	464	433
Total revenue	\$ 1,537	\$ 1,593	\$ 3,054	\$ 3,071

The following table presents revenue from products and services for NCR:

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Product revenue	\$ 525	\$ 618	\$ 1,051	\$ 1,172
Professional services and installation services revenue	271	261	527	488
Recurring revenue, including maintenance and cloud revenue	741	714	1,476	1,411
Total revenue	\$ 1,537	\$ 1,593	\$ 3,054	\$ 3,071

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (AOCI)

Changes in AOCI by Component

In millions	Currency Translation Adjustments	Changes in Employee Benefit Plans	Changes in Fair Value of Effective Cash Flow Hedges	Total
Balance as of December 31, 2017	\$ (183)	\$ (15)	\$ (1)	\$ (199)
Impact of adoption of new accounting standard ⁽¹⁾	—	1	—	1
Other comprehensive income (loss) before reclassifications	(27)	—	4	(23)
Amounts reclassified from AOCI	—	(3)	—	(3)
Net current period other comprehensive (loss) income	(27)	(3)	4	(26)
Balance as of June 30, 2018	\$ (210)	\$ (17)	\$ 3	\$ (224)

⁽¹⁾ See Note 1. Basis of Presentation and Summary of Significant Accounting Policies for further discussion on the adoption of a new accounting standard related to stranded tax affects in AOCI as a result of U.S. Tax Reform.

Reclassifications Out of AOCI

In millions	For the three months ended June 30, 2018			
	Employee Benefit Plans			Total
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
Affected line in Condensed Consolidated Statement of Operations:				
Cost of products	\$ —	\$ —	\$ (1)	\$ (1)
Cost of services	1	(1)	—	—
Selling, general and administrative expenses	—	(1)	—	(1)
Research and development expenses	—	(1)	—	(1)
Total before tax	\$ 1	\$ (3)	\$ (1)	\$ (3)
Tax expense				—
Total reclassifications, net of tax				\$ (3)

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	For the three months ended June 30, 2017			
	Employee Benefit Plans			Total
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
Affected line in Condensed Consolidated Statement of Operations:				
Cost of products	\$ —	\$ —	\$ (1)	\$ (1)
Cost of services	1	—	—	1
Selling, general and administrative expenses	(1)	(2)	—	(3)
Research and development expenses	—	(1)	—	(1)
Total before tax	\$ —	\$ (3)	\$ (1)	\$ (4)
Tax expense				1
Total reclassifications, net of tax				\$ (3)

In millions	For the six months ended June 30, 2018			
	Employee Benefit Plans			Total
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit		
Affected line in Condensed Consolidated Statement of Operations:				
Cost of services		1	(3)	(2)
Selling, general and administrative expenses		—	(1)	(1)
Research and development expenses		—	(1)	(1)
Total before tax	\$	1	\$ (5)	\$ (4)
Tax expense				1
Total reclassifications, net of tax				\$ (3)

In millions	For the six months ended June 30, 2017			
	Employee Benefit Plans			Total
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
Affected line in Condensed Consolidated Statement of Operations:				
Cost of products	\$ —	\$ —	\$ (3)	\$ (3)
Cost of services	—	(2)	—	(2)
Selling, general and administrative expenses	(1)	(2)	—	(3)
Research and development expenses	—	(1)	—	(1)
Total before tax	\$ (1)	\$ (5)	\$ (3)	\$ (9)
Tax expense				2
Total reclassifications, net of tax				\$ (7)

17. RESTRUCTURING PLAN

In the second quarter of 2018, we announced a hardware transformation initiative to streamline our manufacturing operations that will help us reduce our exposure to variable hardware demand as well as increase global utilization rates and optimize our supply

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

chain network. As a part of this initiative, we plan to reduce the number of manufacturing plants and move the manufacturing operations at those plants to other existing NCR facilities and current third party suppliers.

As a result of the restructuring plan, the Company recorded a total charge of \$24 million in the three and six months ended June 30, 2018. The Company expects that it may incur additional charges during 2018 related to this restructuring program. Such additional charges will be expensed as incurred. The restructuring program is scheduled to be completed by the end of 2019.

Severance and other employee related costs Of the \$5 million recorded, \$3 million was recorded as a discrete cost in accordance with ASC 712, *Employers' Accounting for Postemployment Benefits*, when the severance liability was determined to be probable and reasonably estimable. The remaining \$2 million of employee related costs was recorded in accordance with ASC 420, *Exit or Disposal Cost Obligations*. The Company made zero and \$2 million in severance-related payments under ASC 712 and ASC 420, respectively, related to the restructuring plan in the three and six months ended June 30, 2018.

Inventory related charges The Company recorded \$17 million of inventory related charges for rationalizing its product portfolio and writing down inventory to be sold to third party suppliers to the lower of cost or net realizable value.

Other exit costs The Company recorded \$2 million for costs primarily related to moving inventory and fixed assets from the plant locations that will be closed, \$1 million of which is included in selling, general and administrative expenses and \$1 million, which is included in cost of products.

The results by segment, as disclosed in Note 15. Segment Information and Concentrations, exclude the impact of these costs, which is consistent with the manner by which management assesses the performance and evaluates the results of each segment. The following table summarizes the costs recorded in accordance with ASC 420, *Exit or Disposal Cost Obligations*, and ASC 712, *Employers' Accounting for Postemployment Benefits*, and the remaining liabilities as of June 30, 2018, which are included in the Condensed Consolidated Balance Sheet in Other Current Liabilities.

In millions	June 30, 2018	
Employee Severance and Other Exit Costs		
Beginning balance as of January 1	\$	—
Cost recognized during the period		7
Utilization		(4)
Ending balance as of June 30	\$	<u>3</u>

18. SUPPLEMENTAL FINANCIAL INFORMATION

The components of accounts receivable are summarized as follows:

In millions	June 30, 2018		December 31, 2017	
Accounts receivable				
Trade	\$	1,262	\$	1,270
Other		37		37
Accounts receivable, gross		1,299		1,307
Less: allowance for doubtful accounts		(27)		(37)
Total accounts receivable, net	\$	<u>1,272</u>	\$	<u>1,270</u>

The components of inventory are summarized as follows:

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	June 30, 2018	December 31, 2017
Inventories		
Work in process and raw materials	\$ 239	\$ 185
Finished goods	219	190
Service parts	384	405
Total inventories	\$ 842	\$ 780

19. CONDENSED CONSOLIDATING SUPPLEMENTAL GUARANTOR INFORMATION

The Company's 5.00% Notes, 4.625% Notes, 5.875% Notes and 6.375% Notes are guaranteed by the Company's subsidiary, NCR International, Inc. (Guarantor Subsidiary), which is 100% owned by the Company and has guaranteed fully and unconditionally the obligations to pay principal and interest for these senior unsecured notes. The guarantees are subject to release under certain circumstances as described below:

- the designation of the Guarantor Subsidiary as an unrestricted subsidiary under the indenture governing the notes;
- the release of the Guarantor Subsidiary from its guarantee under the Senior Secured Credit Facility;
- the release or discharge of the indebtedness that required the guarantee of the notes by the Guarantor Subsidiary;
- the permitted sale or other disposition of the Guarantor Subsidiary to a third party; and
- the Company's exercise of its legal defeasance option of its covenant defeasance option under the indenture governing the notes.

Refer to Note 5. Debt Obligations for additional information.

In connection with the previously completed registered exchange offers for the 5.00% Notes, 4.625% Notes, 5.875% Notes and 6.375% Notes, the Company is required to comply with Rule 3-10 of SEC Regulation S-X (Rule 3-10), and has therefore included the accompanying Condensed Consolidating Financial Statements in accordance with Rule 3-10(f) of SEC Regulation S-X.

The following supplemental information sets forth, on a consolidating basis, the condensed statements of operations and comprehensive income (loss), the condensed balance sheets and the condensed statements of cash flows for the parent issuer of these senior unsecured notes, for the Guarantor Subsidiary and for the Company and all of its consolidated subsidiaries.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)
For the three months ended June 30, 2018

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Product revenue	\$ 258	\$ 24	\$ 306	\$ (63)	\$ 525
Service revenue	519	8	485	—	1,012
Total revenue	777	32	791	(63)	1,537
Cost of products	236	7	271	(63)	451
Cost of services	354	3	326	—	683
Selling, general and administrative expenses	130	—	131	—	261
Research and development expenses	29	—	36	—	65
Asset impairment charges	165	—	18	—	183
Total operating expenses	914	10	782	(63)	1,643
Income (loss) from operations	(137)	22	9	—	(106)
Interest expense	(40)	—	(3)	2	(41)
Other (expense) income, net	(12)	1	4	(2)	(9)
Income (loss) from continuing operations before income taxes	(189)	23	10	—	(156)
Income tax expense (benefit)	32	2	(46)	—	(12)
Income (loss) from continuing operations before earnings in subsidiaries	(221)	21	56	—	(144)
Equity in earnings of consolidated subsidiaries	77	62	—	(139)	—
Income (loss) from continuing operations	(144)	83	56	(139)	(144)
Income (loss) from discontinued operations, net of tax	(1)	—	(1)	—	(2)
Net income (loss)	\$ (145)	\$ 83	\$ 55	\$ (139)	\$ (146)
Net income (loss) attributable to noncontrolling interests	—	—	(1)	—	(1)
Net income (loss) attributable to NCR	\$ (145)	\$ 83	\$ 56	\$ (139)	\$ (145)
Total comprehensive income (loss)	(185)	46	10	(60)	(189)
Less comprehensive income (loss) attributable to noncontrolling interests	—	—	(4)	—	(4)
Comprehensive income (loss) attributable to NCR common stockholders	\$ (185)	\$ 46	\$ 14	\$ (60)	\$ (185)

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)
For the three months ended June 30, 2017

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Product revenue	\$ 329	\$ 13	\$ 336	\$ (60)	\$ 618
Service revenue	511	7	457	—	975
Total revenue	840	20	793	(60)	1,593
Cost of products	257	9	272	(60)	478
Cost of services	335	3	316	—	654
Selling, general and administrative expenses	129	1	98	—	228
Research and development expenses	42	—	16	—	58
Total operating expenses	763	13	702	(60)	1,418
Income (loss) from operations	77	7	91	—	175
Interest expense	(38)	—	(4)	1	(41)
Other (expense) income, net	(11)	(1)	9	(1)	(4)
Income (loss) from continuing operations before income taxes	28	6	96	—	130
Income tax expense (benefit)	11	2	20	—	33
Income (loss) from continuing operations before earnings in subsidiaries	17	4	76	—	97
Equity in earnings of consolidated subsidiaries	80	89	—	(169)	—
Income (loss) from continuing operations	97	93	76	(169)	97
Income (loss) from discontinued operations, net of tax	5	—	—	—	5
Net income (loss)	\$ 102	\$ 93	\$ 76	\$ (169)	\$ 102
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—
Net income (loss) attributable to NCR	\$ 102	\$ 93	\$ 76	\$ (169)	\$ 102
Total comprehensive income (loss)	99	106	75	(181)	99
Less comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—	—
Comprehensive income (loss) attributable to NCR common stockholders	\$ 99	\$ 106	\$ 75	\$ (181)	\$ 99

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)
For the six months ended June 30, 2018

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Product revenue	\$ 535	\$ 29	\$ 588	\$ (101)	\$ 1,051
Service revenue	1,036	16	951	—	2,003
Total revenue	1,571	45	1,539	(101)	3,054
Cost of products	465	11	496	(101)	871
Cost of services	696	6	658	—	1,360
Selling, general and administrative expenses	294	1	211	—	506
Research and development expenses	75	—	56	—	131
Asset impairment charges	165	—	18	—	183
Total operating expenses	1,695	18	1,439	(101)	3,051
Income (loss) from operations	(124)	27	100	—	3
Interest expense	(79)	—	(6)	3	(82)
Other (expense) income, net	(15)	2	2	(3)	(14)
Income (loss) from continuing operations before income taxes	(218)	29	96	—	(93)
Income tax expense (benefit)	24	4	(33)	—	(5)
Income (loss) from continuing operations before earnings in subsidiaries	(242)	25	129	—	(88)
Equity in earnings of consolidated subsidiaries	153	121	—	(274)	—
Income (loss) from continuing operations	(89)	146	129	(274)	(88)
Income (loss) from discontinued operations, net of tax	(36)	—	(1)	—	(37)
Net income (loss)	\$ (125)	\$ 146	\$ 128	\$ (274)	\$ (125)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—
Net income (loss) attributable to NCR	\$ (125)	\$ 146	\$ 128	\$ (274)	\$ (125)
Total comprehensive income (loss)	(151)	108	97	(208)	(154)
Less comprehensive income (loss) attributable to noncontrolling interests	—	—	(3)	—	(3)
Comprehensive income (loss) attributable to NCR common stockholders	\$ (151)	\$ 108	\$ 100	\$ (208)	\$ (151)

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)
For the six months ended June 30, 2017

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Product revenue	\$ 610	\$ 53	\$ 673	\$ (164)	\$ 1,172
Service revenue	1,004	14	881	—	1,899
Total revenue	1,614	67	1,554	(164)	3,071
Cost of products	464	22	580	(164)	902
Cost of services	673	5	618	—	1,296
Selling, general and administrative expenses	263	2	193	—	458
Research and development expenses	72	—	53	—	125
Total operating expenses	1,472	29	1,444	(164)	2,781
Income (loss) from operations	142	38	110	—	290
Interest expense	(77)	—	(5)	2	(80)
Other (expense) income, net	(28)	(1)	22	(2)	(9)
Income (loss) from continuing operations before income taxes	37	37	127	—	201
Income tax expense (benefit)	9	18	20	—	47
Income (loss) from continuing operations before earnings in subsidiaries	28	19	107	—	154
Equity in earnings of consolidated subsidiaries	126	97	—	(223)	—
Income (loss) from continuing operations	154	116	107	(223)	154
Income (loss) from discontinued operations, net of tax	5	—	—	—	5
Net income (loss)	\$ 159	\$ 116	\$ 107	\$ (223)	\$ 159
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—
Net income (loss) attributable to NCR	\$ 159	\$ 116	\$ 107	\$ (223)	\$ 159
Total comprehensive income (loss)	174	140	118	(258)	174
Less comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—	—
Comprehensive income (loss) attributable to NCR common stockholders	\$ 174	\$ 140	\$ 118	\$ (258)	\$ 174

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Balance Sheet
June 30, 2018

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$ 11	\$ 6	\$ 326	\$ —	\$ 343
Accounts receivable, net	42	12	1,218		1,272
Inventories	311	5	526		842
Due from affiliates	645	2,072	310	(3,027)	—
Other current assets	121	44	156	(39)	282
Total current assets	1,130	2,139	2,536	(3,066)	2,739
Property, plant and equipment, net	220	—	106		326
Goodwill	2,082	—	508		2,590
Intangibles, net	451	—	66		517
Prepaid pension cost	—	—	127	—	127
Deferred income taxes	341	—	156	(25)	472
Investments in subsidiaries	3,133	2,778	—	(5,911)	—
Due from affiliates	31	1	36	(68)	—
Other assets	476	64	53	—	593
Total assets	\$ 7,864	\$ 4,982	\$ 3,588	\$ (9,070)	\$ 7,364
Liabilities and stockholders' equity					
Current liabilities					
Short-term borrowings	\$ 60	\$ —	\$ 100	\$ —	\$ 160
Accounts payable	307	3	401	—	711
Payroll and benefits liabilities	127	—	102	—	229
Contract liabilities	236	7	226	—	469
Due to affiliates	2,099	118	810	(3,027)	—
Other current liabilities	154	5	190	(39)	310
Total current liabilities	2,983	133	1,829	(3,066)	1,879
Long-term debt	2,950	—	2	—	2,952
Pension and indemnity plan liabilities	523	—	273	—	796
Postretirement and postemployment benefits liabilities	19	3	110	—	132
Income tax accruals	21	8	98	—	127
Due to affiliates	—	36	32	(68)	—
Other liabilities	163	30	90	(25)	258
Total liabilities	6,659	210	2,434	(3,159)	6,144
Redeemable noncontrolling interest	—	—	12	—	12
Series A convertible preferred stock	834	—	—	—	834
Stockholders' equity					
Total NCR stockholders' equity	371	4,772	1,139	(5,911)	371
Noncontrolling interests in subsidiaries	—	—	3	—	3
Total stockholders' equity	371	4,772	1,142	(5,911)	374
Total liabilities and stockholders' equity	\$ 7,864	\$ 4,982	\$ 3,588	\$ (9,070)	\$ 7,364

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Balance Sheet
December 31, 2017

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$ 97	\$ 11	429	\$ —	\$ 537
Accounts receivable, net	62	12	1,196	—	1,270
Inventories	311	7	462	—	780
Due from affiliates	646	1,801	283	(2,730)	—
Other current assets	78	39	162	(36)	243
Total current assets	1,194	1,870	2,532	(2,766)	2,830
Property, plant and equipment, net	207	—	134	—	341
Goodwill	2,228	—	513	—	2,741
Intangibles, net	503	—	75	—	578
Prepaid pension cost	—	—	118	—	118
Deferred income taxes	334	—	157	(31)	460
Investments in subsidiaries	3,008	2,942	—	(5,950)	—
Due from affiliates	31	1	39	(71)	—
Other assets	472	63	51	—	586
Total assets	\$ 7,977	\$ 4,876	\$ 3,619	\$ (8,818)	\$ 7,654
Liabilities and stockholders' equity					
Current liabilities					
Short-term borrowings	\$ 52	\$ —	\$ —	\$ —	\$ 52
Accounts payable	382	—	380	—	762
Payroll and benefits liabilities	124	—	95	—	219
Contract liabilities	216	6	236	—	458
Due to affiliates	1,884	130	716	(2,730)	—
Other current liabilities	204	5	225	(36)	398
Total current liabilities	2,862	141	1,652	(2,766)	1,889
Long-term debt	2,937	—	2	—	2,939
Pension and indemnity plan liabilities	515	—	283	—	798
Postretirement and postemployment benefits liabilities	20	3	110	—	133
Income tax accruals	20	5	123	—	148
Due to affiliates	—	39	32	(71)	—
Other liabilities	94	36	101	(31)	200
Total liabilities	6,448	224	2,303	(2,868)	6,107
Redeemable noncontrolling interest	—	—	15	—	15
Series A convertible preferred stock	810	—	—	—	810
Stockholders' equity					
Total NCR stockholders' equity	719	4,652	1,298	(5,950)	719
Noncontrolling interests in subsidiaries	—	—	3	—	3
Total stockholders' equity	719	4,652	1,301	(5,950)	722
Total liabilities and stockholders' equity	\$ 7,977	\$ 4,876	\$ 3,619	\$ (8,818)	\$ 7,654

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Statement of Cash Flows
For the six months ended June 30, 2018

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 105	\$ (150)	\$ 140	\$ —	\$ 95
Investing activities					
Expenditures for property, plant and equipment	(57)	—	(13)	—	(70)
Additions to capitalized software	(71)	—	(15)	—	(86)
Proceeds from (payments of) intercompany notes	160	145	—	(305)	—
Other investing activities, net	(3)	—	—	—	(3)
Net cash provided by (used in) investing activities	29	145	(28)	(305)	(159)
Financing activities					
Short term borrowings, net	3	—	(1)	—	2
Payments on term credit facilities	(34)	—	—	—	(34)
Payments on revolving credit facilities	(660)	—	(353)	—	(1,013)
Borrowings on revolving credit facilities	710	—	453	—	1,163
Repurchase of Company common stock	(210)	—	—	—	(210)
Proceeds from employee stock plans	11	—	—	—	11
Borrowings (repayments) of intercompany notes	—	—	(305)	305	—
Tax withholding payments on behalf of employees	(29)	—	—	—	(29)
Net cash provided by (used in) financing activities	(209)	—	(206)	305	(110)
Cash flows from discontinued operations					
Net cash used in operating activities	(11)	—	—	—	(11)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	(8)	—	(8)
Increase (decrease) in cash, cash equivalents and restricted cash	(86)	(5)	(102)	—	(193)
Cash, cash equivalents and restricted cash at beginning of period	97	11	435	—	543
Cash, cash equivalents and restricted cash at end of period	\$ 11	\$ 6	\$ 333	\$ —	\$ 350

In millions	June 30, 2018				
Reconciliation of cash, cash equivalents and restricted cash as shown in the Condensed Consolidated Statements of Cash Flows	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 11	\$ 6	\$ 326	\$ —	\$ 343
Restricted cash included in Other assets	—	—	7	—	7
Total cash, cash equivalents and restricted cash	\$ 11	\$ 6	\$ 333	\$ —	\$ 350

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

Condensed Consolidating Statement of Cash Flows
For the six months ended June 30, 2017

In millions	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 306	\$ (22)	\$ (144)	\$ (6)	\$ 134
Investing activities					
Expenditures for property, plant and equipment	(26)	—	(17)	—	(43)
Additions to capitalized software	(67)	—	(17)	—	(84)
Proceeds from (payments of) intercompany notes	99	20	—	(119)	—
Investments in equity affiliates	(2)	—	—	2	—
Other investing activities, net	(1)	—	1	—	—
Net cash provided by (used in) investing activities	3	20	(33)	(117)	(127)
Financing activities					
Short term borrowings, net	2	—	11	—	13
Payments on term credit facilities	(23)	—	(2)	—	(25)
Payments on revolving credit facilities	(575)	—	(40)	—	(615)
Borrowings on revolving credit facilities	615	—	240	—	855
Repurchase of Company common stock	(350)	—	—	—	(350)
Proceeds from employee stock plans	8	—	—	—	8
Other financing activities	(1)	—	—	—	(1)
Equity contribution	—	—	2	(2)	—
Dividend distribution to consolidated subsidiaries	—	—	(6)	6	—
Borrowings (repayments) of intercompany notes	—	—	(119)	119	—
Tax withholding payments on behalf of employees	(24)	—	—	—	(24)
Net cash provided by (used in) financing activities	(348)	—	86	123	(139)
Cash flows from discontinued operations					
Net cash used in operating activities	(5)	—	—	—	(5)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	12	—	12
Increase (decrease) in cash, cash equivalents, and restricted cash	(44)	(2)	(79)	—	(125)
Cash, cash equivalents and restricted cash at beginning of period	67	12	428	—	507
Cash, cash equivalents and restricted cash at end of period	\$ 23	\$ 10	\$ 349	\$ —	\$ 382

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

In millions	June 30, 2017				
Reconciliation of cash, cash equivalents and restricted cash as shown in the Condensed Consolidated Statements of Cash Flows	Parent Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 23	\$ 10	\$ 344	\$ —	\$ 377
Restricted cash included in Other assets	—	—	5	—	5
Total cash, cash equivalents and restricted cash	\$ 23	\$ 10	\$ 349	\$ —	\$ 382

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)**Overview**

The following were the significant events for the second quarter of 2018, each of which is discussed more fully in later sections of this MD&A:

- Revenue decreased approximately 4% from the prior year period and 5% excluding favorable foreign currency impacts;
- Software revenue increased 1% from the prior year period, driven by cloud revenue growth of 7%, and operating margin declined 290 basis points from the prior year period;
- Services revenue increased 4% and operating margin rate remained consistent from the prior year period;
- Hardware revenue decreased 16% and operating margin rate declined 790 basis points from the prior year period; and
- The Company recorded \$183 million of asset impairment charges related to its Hardware business.

The rise of digital commerce, mobile engagement and globalization have dramatically altered the relationship between business and consumer. Increasingly, mega-trends such as big data, the Internet of things and the cloud are driving the next generation of changes in consumer behavior. Consumers now expect businesses to provide a rich, integrated and personalized experience across all commerce channels, including in-store, online and mobile. Our mission is to innovate and enable the next generation of consumer experiences and productivity gains to enrich the interactions of businesses with their customers. To fulfill this mission, we have developed a long-term strategy built on being a global technology solutions company that uses cloud-based and other software, coupled with end-to-end smart-edge hardware and services solutions, to help our customers deliver on the promise of an omni-channel experience. We believe that our mission and long-term strategy position NCR to continue to drive sustainable revenue, profit and cash flow, and to improve value for all of our stakeholders.

To deliver on our mission and strategy, we are focused on the following main initiatives in 2018:

- *Customer Experience* - Improving the customer experience by improving solution quality, availability and security.
- *Strategic and Recurring Revenue* - Continuing our focus on cloud, software platform, smart-edge devices and professional and managed services to drive profitable revenue and operating income.
- *Sales Effectiveness* - Providing our sales force with the training, tools, support and coverage model necessary to optimize efficiency and achieve our sales plan.
- *Services Transformation* - Driving performance and sustainable margin improvement by focusing on productivity and efficiency improvements, expanding our remote diagnostics and repair capabilities, creating greater discipline in our product lifecycle management, and employing a higher mix of managed services.
- *Evolving our Business Model* - Continuing the shift in our business model to provide innovative end-to-end solutions for our customers, with best in class support while keeping an efficient cost structure to create competitive advantage.
- *New Products* - Launching new industry products, powered by our platform software with best in class product lifecycle management and go-to-market support, and migrating and releasing existing licensed software products as cloud-based products.
- *Operating Model Innovation* - Eliminating waste, utilizing effective product lifecycle management, increasing productivity, using technology as an enabler, and executing on business process improvements to reduce costs and use savings to invest in strategic initiatives, product innovation and people.
- *Team and Talent* - Attracting, developing and retaining top talent by deploying competitive recruiting and training programs, evolving our brand, and continuously engaging with employees.

Consistent with the foregoing, we are evaluating and beginning to implement certain initiatives focused on realigning resources and optimizing our portfolio of software solutions, accelerating structural changes in our services business and streamlining our hardware operations, particularly in supply chain and manufacturing. In addition, we plan, in pursuing our strategy, to continue to manage our costs effectively, to selectively pursue acquisitions and divestitures that promote our strategy, and to selectively penetrate market adjacencies in single and emerging growth industry segments.

Potentially significant risks to the execution of our initiatives and achievement of our strategy include the strength of demand for automated teller machines and other financial services hardware and its effect on our businesses; our ability to generate accurate forecasts of product demand and to engage third-party suppliers appropriately to meet that demand, including the on-boarding of new or additional suppliers; domestic and global economic and credit conditions including, in particular, those resulting from the imposition or threat of protectionist trade policies or import or export tariffs, global and regional market conditions and spending trends in the financial services and retail industries, new comprehensive U.S. tax legislation, modified or new global or regional trade agreements, the determination by the United Kingdom to exit the European Union, uncertainty over further potential changes in Eurozone participation and fluctuations in oil and commodity prices; our ability to transform our business model and to sell higher-margin software and services, including our ability to successfully streamline our hardware operations through manufacturing network redesign and use of outsourced manufacturing; the success of our restructuring plans and cost reduction initiatives; our ability to improve execution in our sales and services organizations; market acceptance of new solutions and competition in the information technology industry; cybersecurity risks and compliance with data privacy and protection requirements; disruptions in or problems with our data center hosting facilities; defects or errors in our products; the historical seasonality of our sales; tax rates and new US tax legislation; uncertainties or delays associated with the transition of key business leaders and foreign currency fluctuations.

Results from Operations

Three and Six months ended June 30, 2018 Compared to Three and Six months ended June 30, 2017

The following table shows our results for the three and six months ended June 30:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenue	\$ 1,537	\$ 1,593	\$ 3,054	\$ 3,071
Gross margin	\$ 403	\$ 461	\$ 823	\$ 873
Gross margin as a percentage of revenue	26.2%	28.9%	26.9%	28.4%
Operating expenses				
Selling, general and administrative expenses	\$ 261	\$ 228	\$ 506	\$ 458
Research and development expenses	65	58	131	125
Asset impairment charges	183	—	183	—
(Loss) income from operations	\$ (106)	\$ 175	\$ 3	\$ 290

The following table shows our revenue by geographic theater for the three months ended June 30:

In millions	2018	% of Total	2017	% of Total	% Increase (Decrease)	% Increase (Decrease) Constant Currency ⁽¹⁾
Americas	\$ 875	57%	\$ 915	57%	(4)%	(3)%
Europe, Middle East Africa (EMEA)	418	27%	454	29%	(8)%	(11)%
Asia Pacific (APJ)	244	16%	224	14%	9%	8%
Consolidated revenue	\$ 1,537	100%	\$ 1,593	100%	(4)%	(5)%

The following table shows our revenue by geographic theater for the six months ended June 30:

In millions	2018	% of Total	2017	% of Total	% Increase (Decrease)	% Increase (Decrease) Constant Currency ⁽¹⁾
Americas	\$ 1,764	58%	\$ 1,762	57%	—%	—%
Europe, Middle East Africa (EMEA)	826	27%	876	29%	(6)%	(11)%
Asia Pacific (APJ)	464	15%	433	14%	7%	4%
Consolidated revenue	\$ 3,054	100%	\$ 3,071	100%	(1)%	(3)%

The following table shows our revenue by segment for the three months ended June 30:

In millions	2018	% of Total	2017	% of Total	% Increase (Decrease)	% Increase (Decrease) Constant Currency ⁽¹⁾
Software	\$ 470	30%	\$ 464	29%	1%	—%
Services	610	40%	588	37%	4%	3%
Hardware	457	30%	541	34%	(16)%	(17)%
Consolidated revenue	\$ 1,537	100%	\$ 1,593	100%	(4)%	(5)%

The following table shows our revenue by segment for the six months ended June 30:

In millions	2018	% of Total	2017	% of Total	% Increase (Decrease)	% Increase (Decrease) Constant Currency ⁽¹⁾
Software	\$ 930	30%	\$ 916	30%	2%	—%
Services	1,211	40%	1,145	37%	6%	3%
Hardware	913	30%	1,010	33%	(10)%	(12)%
Consolidated revenue	\$ 3,054	100%	\$ 3,071	100%	(1)%	(3)%

⁽¹⁾ The tables above for the three and six months ended June 30 are presented with period-over-period revenue growth or declines on a constant currency basis. Constant currency is a non-GAAP measure that excludes the effects of foreign currency fluctuations. We calculate this information by translating prior period revenue growth at current period monthly average exchange rates. We believe that examining period-over-period revenue growth or decline excluding foreign currency fluctuations is useful for assessing the underlying performance of our business, and our management uses revenue growth adjusted for constant currency to evaluate period-over-period operating performance. This non-GAAP measure should not be considered a substitute for, or superior to, period-over-period revenue growth under GAAP.

The following table provides a reconciliation of geographic theater revenue percentage growth (GAAP) to revenue percentage growth constant currency (non-GAAP) for the three months ended June 30, 2018:

	Revenue % Growth (GAAP)	Favorable (unfavorable) FX impact	Revenue % Growth Constant Currency (non-GAAP)
Americas	(4)%	(1)%	(3)%
EMEA	(8)%	3%	(11)%
APJ	9%	1%	8%
Consolidated revenue	(4)%	1%	(5)%

The following table provides a reconciliation of geographic theater revenue percentage growth (GAAP) to revenue percentage growth constant currency (non-GAAP) for the six months ended June 30, 2018:

	Revenue % Growth (GAAP)	Favorable (unfavorable) FX impact	Revenue % Growth Constant Currency (non-GAAP)
Americas	—%	—%	—%
EMEA	(6)%	5%	(11)%
APJ	7%	3%	4%
Consolidated revenue	(1)%	2%	(3)%

The following table provides a reconciliation of segment revenue percentage growth (GAAP) to revenue percentage growth constant currency (non-GAAP) for the three months ended June 30, 2018:

	Revenue % Growth (GAAP)	Favorable (unfavorable) FX impact	Revenue % Growth Constant Currency (non- GAAP)
Software	1%	1%	—%
Services	4%	1%	3%
Hardware	(16)%	1%	(17)%
Consolidated revenue	(4)%	1%	(5)%

The following table provides a reconciliation of segment revenue percentage growth (GAAP) to revenue percentage growth constant currency (non-GAAP) for the six months ended June 30, 2018:

	Revenue % Growth (GAAP)	Favorable (unfavorable) FX impact	Revenue % Growth Constant Currency (non- GAAP)
Software	2%	2%	—%
Services	6%	3%	3%
Hardware	(10)%	2%	(12)%
Consolidated revenue	(1)%	2%	(3)%

Revenue

For the three months ended June 30, 2018 compared to the three months ended June 30, 2017, revenue decreased 4% due to a decrease in Hardware revenue partially offset by an increase in Software and Services revenue. Foreign currency fluctuations favorably impacted the revenue comparison by 1%.

Software revenue increased 1% driven by growth in cloud, software maintenance, and professional services, partially offset by declines in software licenses. Services revenue increased 4% due to growth in both hardware maintenance and managed and implementation services. Hardware revenue decreased 16% due to declines in Automated Teller Machine (ATM) and Point-of-Sale (POS) revenue, partially offset by an increase in Self-Checkout (SCO) revenue.

For the six months ended June 30, 2018 compared to the six months ended June 30, 2017, revenue decreased 1% due to a decrease in Hardware revenue partially offset by an increase in Software and Services revenue. Foreign currency fluctuations favorably impacted the revenue comparison by 2%.

Software revenue increased 2% driven by growth in cloud, software maintenance, and professional services, partially offset by declines in software licenses. Services revenue increased 6% due to growth in both hardware maintenance and managed and implementation services. Hardware revenue decreased 10% due to declines in ATM and SCO revenue, and to a lesser extent in POS revenue.

The changes to segment revenue and the drivers thereof are discussed in further detail under "Revenue and Operating Income by Segment" below.

Gross Margin

Gross margin as a percentage of revenue in the three months ended June 30, 2018 was 26.2% compared to 28.9%, in the three months ended June 30, 2017. Gross margin in the three months ended June 30, 2018 included \$41 million of costs related to restructuring and transformation initiatives. Excluding this item, gross margin as a percentage of revenue decreased slightly.

Gross margin as a percentage of revenue in the six months ended June 30, 2018 was 26.9% compared to 28.4% in the six months ended June 30, 2017. Gross margin in the six months ended June 30, 2018 included \$45 million of costs related to restructuring and transformation initiatives. Excluding this item, gross margin as a percentage of revenue decreased slightly.

In the three and six months ended June 30, 2018, gross margin as a percentage of revenue expanded in our Services segment, which reflects the results of our strategic focus on business process improvement initiatives and a mix shift towards higher value managed services. The Services gross margin rate expansion was offset by a decline in our Software and Hardware segments. The decline in Software gross margin rate was primarily due to lower software license revenue partially offset by margin expansion in cloud and software maintenance. The decline in Hardware gross margin rate was due to lower volume and an unfavorable product mix.

Operating Expenses

Selling, general and administrative expenses were \$261 million, or 17.0% as a percentage of revenue, in the three months ended June 30, 2018 as compared to \$228 million, or 14.3% as a percentage of revenue, in the three months ended June 30, 2017. Selling, general and administrative expenses in the three months ended June 30, 2018 included \$16 million of acquisition-related amortization of intangibles, \$22 million of costs related to restructuring and transformation initiatives and \$1 million of acquisition-related costs. Selling, general, and administrative expenses in the three months ended June 30, 2017 included \$16 million of acquisition-related amortization of intangibles, \$3 million of costs related to our transformation initiatives and \$1 million of acquisition-related costs. Excluding these items, selling, general and administrative expenses increased from 13.1% of revenue in the three months ended June 30, 2017 to 14.4% of revenue in the three months ended June 30, 2018. The increase in selling, general and administrative expenses was due to continued investment in the business.

Selling, general and administrative expenses were \$506 million, or 16.6% as a percentage of revenue, in the six months ended June 30, 2018 as compared to \$458 million, or 14.9% as a percentage of revenue, in the six months ended June 30, 2017. Selling, general and administrative expenses in the six months ended June 30, 2018 included \$32 million of acquisition-related amortization of intangibles, \$32 million of costs related to restructuring and transformation initiatives, and \$1 million of acquisition related costs. Selling, general, and administrative expenses in the six months ended June 30, 2017 included \$32 million of acquisition-related amortization of intangibles, \$7 million of costs related to our transformation initiative and \$2 million of acquisition-related costs. Excluding these items, selling, general and administrative expenses increased from 13.6% of revenue in the six months ended June 30, 2017 to 14.4% of revenue in the six months ended June 30, 2018 due to continued investment in the business.

Research and development expenses were \$65 million, or 4.2% as a percentage of revenue, in the three months ended June 30, 2018 as compared to \$58 million, or 3.6% as a percentage of revenue, in the three months ended June 30, 2017. Research and development expenses in the three months ended June 30, 2018 and June 30, 2017 included \$3 million and \$1 million, respectively, of costs related to our restructuring and transformation initiatives. Excluding these costs, research and development expenses as a percentage of revenue decreased slightly from 3.6% in the three months ended June 30, 2017 to 4.0% in the three months ended June 30, 2018.

Research and development expenses were \$131 million, or 4.3% as a percentage of revenue, in the six months ended June 30, 2018 as compared to \$125 million, or 4.1% as a percentage of revenue, in the six months ended June 30, 2017. Research and development expenses in the six months ended June 30, 2018 and 2017 included \$5 million and \$4 million, respectively, of costs related to our restructuring and transformation initiatives. Excluding these costs, research and development expenses as a percentage of revenue decreased slightly from 3.9% in the six months ended June 30, 2017 to 4.1% in the six months ended June 30, 2018.

Asset impairment charges were \$183 million in the three and six months ended June 30, 2018, which included a \$146 million impairment of goodwill assigned to the Hardware reporting unit and a \$37 million impairment charge related to long-lived assets held and used in our Hardware operations. Refer to Note 4. Goodwill and Long-Lived Assets of the Notes to Condensed Consolidated Financial Statements for additional discussion.

Interest and Other Expense Items

Interest expense was \$41 million in the three months ended June 30, 2018 compared to \$41 million in the three months ended June 30, 2017.

Interest expense was \$82 million in the six months ended June 30, 2018 compared to \$80 million in the six months ended June 30, 2017.

Other expense, net was \$9 million in the three months ended June 30, 2018 compared to \$4 million in the three months ended June 30, 2017. Other expense, net in the three months ended June 30, 2018 and 2017 included \$7 million and \$6 million, respectively, of losses from foreign currency remeasurement and foreign exchange contracts not designated as hedging instruments.

Other expense, net was \$14 million in the six months ended June 30, 2018 compared to \$9 million in the six months ended June 30, 2017. Other expense, net in the six months ended June 30, 2018 and June 30, 2017 included \$13 million and \$10 million, respectively, of losses from foreign currency remeasurement and foreign exchange contracts not designated as hedging instruments.

Provision for Income Taxes

Income tax provisions for interim (quarterly) periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items. Income tax benefit was \$12 million for the three months ended June 30, 2018 compared to income tax expense of \$33 million for the three months ended June 30, 2017. The decrease was driven by lower income before taxes, the impacts of U.S. Tax Reform and an increase in discrete benefits in the three months ended June 30, 2018. The increase in discrete benefits was primarily driven by favorable audit settlements in international jurisdictions.

Income tax benefit was \$5 million for the six months ended June 30, 2018 compared to income tax expense of \$47 million for the six months ended June 30, 2017. The decrease in income tax expense was driven by lower income before taxes, the impacts of U.S. Tax Reform and an increase in discrete benefits in the six months ended June 30, 2018. The increase in discrete benefits was primarily driven by favorable audit settlements in international jurisdictions, partially offset by the decrease of favorable excess tax benefits of share-based compensation awards.

The Company reviewed our United Kingdom net deferred tax assets for recoverability based on the evaluation of positive and negative evidence. A full valuation allowance against net deferred tax assets will be maintained until sufficient positive evidence exists to reduce or eliminate the valuation allowance. The factors considered by management in its determination of the probability of the realization of the deferred tax assets include, but are not limited to, recent historical financial results, historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. As of June 30, 2018, the Company continued to maintain a full valuation allowance against the United Kingdom net deferred tax assets due to insufficient positive evidence and the uncertainty regarding anticipated future earnings at certain subsidiaries in the United Kingdom.

NCR is subject to numerous federal, state and foreign tax audits. While NCR believes that appropriate reserves exist for issues that might arise from these audits, should these audits be settled, the resulting tax effect could impact the tax provision and cash flows in 2018 or future periods. The Company regularly reviews our deferred tax assets for recoverability based on the evaluation of positive and negative evidence; given current earnings and anticipated future earnings at certain subsidiaries, the Company believes that there is a reasonable possibility sufficient positive evidence may become available that would allow the release of a valuation allowance within the next twelve months.

Income (Loss) from Discontinued Operations

In the three months ended June 30, 2018, loss from discontinued operations was \$2 million, net of tax, due to audit settlements partially related to Teradata. In the three months ended June 30, 2017, income from discontinued operations was \$5 million due to an insurance settlement received related to environmental matters.

In the six months ended June 30, 2018 loss from discontinued operations was \$37 million, net of tax, due to a ruling on the Kalamazoo environmental matter as well as audit settlements partially related to Teradata. In the six months ended June 30, 2017, income from discontinued operations was \$5 million due to an insurance settlement received related to environmental matters.

Revenue and Operating Income by Segment

The Company manages and reports the following three segments:

- **Software** - Our software offerings include industry-based software platforms, applications and application suites for the financial services, retail, hospitality and small business industries. We also offer a portfolio of other industry-oriented software applications including cash management software, video banking software, fraud and loss prevention applications, check and document imaging, remote-deposit capture and customer-facing mobile and digital banking applications for the financial services industry; and secure electronic and mobile payment solutions, sector-specific point

of sale software applications, and back-office inventory and store and restaurant management applications for the retail and hospitality industries. Additionally, we provide ongoing software support and maintenance services, as well as consulting and implementation services for our software solutions.

- **Services** - Our global end-to-end services solutions include assessment and preparation, staging, installation, implementation, and maintenance and support for our solutions. We also provide systems management and complete managed services for our product offerings. In addition, we provide installation, maintenance and servicing for third party networking products and computer hardware from select manufacturers.
- **Hardware** - Our hardware solutions include our suite of financial-oriented self-service ATM-related hardware, and our retail- and hospitality-oriented point of sale terminal, self-checkout kiosk and related hardware. We also offer other self-service kiosks, such as self-check in/out kiosks for airlines, and wayfinding solutions for buildings and campuses.

Each of these segments derives its revenue by selling in the sales theaters in which NCR operates. Segments are measured for profitability by the Company's chief operating decision maker based on revenue and segment operating income. For purposes of discussing our operating results by segment, we exclude the impact of certain non-operational items from segment operating income, consistent with the manner by which management reviews each segment, evaluates performance, and reports our segment results under GAAP. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by NCR management to make decisions regarding the segments and to assess our financial performance. Our segment results are reconciled to total Company results reported under GAAP in Note 15. Segment Information and Concentrations of the Notes to Condensed Consolidated Financial Statements.

In the segment discussions below, we have disclosed the impact of foreign currency fluctuations as it relates to our segment revenue.

Software Segment

The following table shows the Software segment revenue and operating income for the three and six months ended June 30:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenue	\$ 470	\$ 464	\$ 930	\$ 916
Operating income	\$ 115	\$ 127	\$ 224	\$ 251
Operating income as a percentage of revenue	24.5%	27.4%	24.1%	27.4%

In the three months ended June 30, 2018 compared to the three months ended June 30, 2017, Software revenue increased 1%, driven by growth in cloud revenue of 7%, software maintenance revenue of 2% and professional services revenue of 2%, partially offset by declines in software license revenue of 12%. Cloud revenue growth was due to the impact from prior period bookings. Professional services revenue growth was due to demand for the Company's channel transformation and digital enablement solutions. Software maintenance revenue growth was due to software license sales from prior periods. Software license revenue declined due to lower hardware sales and unattached software licenses. Foreign currency fluctuations had a favorable impact of 1% on the revenue comparison.

In the six months ended June 30, 2018 compared to the six months ended June 30, 2017, Software revenue increased 2%, driven by growth in cloud revenue of 8%, professional services revenue of 5%, and software maintenance revenue of 1%, partially offset by declines in software license revenue of 15%. Cloud revenue growth was due to the impact from prior period bookings. Professional services revenue growth was due to demand for the Company's channel transformation and digital enablement solutions. Software maintenance revenue growth was due to software license sales from prior periods. Software license revenue declined due to lower hardware sales and unattached software licenses. Foreign currency fluctuations had a favorable impact of 2% on the revenue comparison.

Operating income decreased in the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. The decrease in operating income was driven by lower software license revenue partially offset by margin expansion in cloud and software maintenance.

Services Segment

The following table shows the Services segment revenue and operating income for the three and six months ended June 30:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenue	\$ 610	\$ 588	\$ 1,211	\$ 1,145
Operating income	\$ 77	\$ 74	\$ 139	\$ 118
Operating income as a percentage of revenue	12.6%	12.6%	11.5%	10.3%

In the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, Services revenue increased 4% and 6%, driven by growth in hardware maintenance revenue as a result of improving trends for the Company's channel transformation solutions, combined with increased managed and implementation services revenue. In the three and six months ended June 30, 2018 foreign currency fluctuations had an favorable impact on the revenue comparison of 1% and 3%, respectively.

Operating income increased in the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017 primarily due to higher revenue, business process improvement initiatives and a mix shift of higher value services.

Hardware Segment

The following table shows the Hardware segment revenue and operating loss for the three and six months ended June 30:

In millions	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenue	\$ 457	\$ 541	\$ 913	\$ 1,010
Operating (loss) income	\$ (27)	\$ 11	\$ (50)	\$ 1
Operating (loss) income as a percentage of revenue	(5.9)%	2.0%	(5.5)%	0.1%

In the three months ended June 30, 2018 compared to the three months ended June 30, 2017, Hardware revenue decreased 16% due to declines in ATM revenue of 21% and POS revenue of 16% partially offset by an increase in SCO revenue of 3%. ATM revenue declined primarily due to supply chain delays related to new product introductions. POS revenue declined due to the timing of customer projects for store transformation solutions. SCO revenue increased due to the timing of customer projects compared to the prior year period. Foreign currency fluctuations had a favorable impact on the revenue comparison of 1%.

In the six months ended June 30, 2018 compared to the six months ended June 30, 2017, Hardware revenue decreased 10% due to declines in ATM revenue of 14%, SCO revenue of 11% and POS revenue of 1%. ATM revenue declined due to lower volume as well as supply chain delays related to new product introductions. SCO revenue decreased due to timing of customer projects compared to the prior year period. POS revenue decline due to the timing of customer projects for store transformation solutions. Foreign currency fluctuations had a favorable impact on the revenue comparison of 2%.

Operating loss increased in the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017 driven by lower revenue and an unfavorable product mix.

Financial Condition, Liquidity, and Capital Resources

Cash provided by operating activities was \$95 million in the six months ended June 30, 2018 compared to cash provided by operating activities of \$134 million in the six months ended June 30, 2017. The decrease in cash provided by operating activities was due to the timing of working capital needs.

NCR's management uses a non-GAAP measure called "free cash flow" to assess the financial performance of the Company. We define free cash flow as net cash provided by (used in) operating activities and cash provided by (used in) discontinued operations, less capital expenditures for property, plant and equipment, less additions to capitalized software, plus discretionary pension contributions and settlements. We believe free cash flow information is useful for investors because it relates the operating cash flows from the Company's continuing and discontinued operations to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash available after capital expenditures for, among other things, investments in the Company's existing businesses, strategic acquisitions, repurchases of NCR stock and repayment of debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures, since there may be other non-discretionary expenditures that are not deducted from the measure. Free cash flow does not have a uniform definition

under GAAP, and therefore NCR's definition may differ from other companies' definitions of this measure. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities under GAAP.

The table below reconciles net cash provided by operating activities to NCR's non-GAAP measure of free cash flow for the six months ended June 30:

In millions	Six months ended June 30	
	2018	2017
Net cash provided by operating activities	\$ 95	\$ 134
Expenditures for property, plant and equipment	(70)	(43)
Additions to capitalized software	(86)	(84)
Net cash used in discontinued operations	(11)	(5)
Free cash (outflow) flow (non-GAAP)	\$ (72)	\$ 2

The increase in expenditures for property, plant and equipment was primarily due to tenant improvements in our new world headquarters, which are partially reimbursed by the lessor and included in net cash provided by operating activities.

Financing activities and certain other investing activities are not included in our calculation of free cash flow. Other investing activities primarily include business acquisitions, divestitures and investments as well as proceeds from the sale of property, plant and equipment.

Our financing activities primarily include proceeds from employee stock plans, repurchases of NCR common stock and borrowings and repayments of credit facilities and notes. During the six months ended June 30, 2018 and 2017, we repurchased a total of \$210 million and \$350 million, respectively, of our common stock. During the six months ended June 30, 2018 and 2017, proceeds from employee stock plans were \$11 million and \$8 million, respectively. During the six months ended June 30, 2018 and 2017, we paid \$29 million and \$24 million, respectively, of tax withholding payments on behalf of employees for stock based awards that vested.

Long Term Borrowings As of June 30, 2018, our senior secured credit facility consisted of a term loan facility with an aggregate outstanding principal balance of \$776 million, and a revolving credit facility in an aggregate principal amount of \$1.1 billion, of which \$50 million was outstanding. Additionally, the revolving credit facility has up to \$400 million available to certain foreign subsidiaries. Loans under the revolving credit facility are available in U.S. Dollars, Euros and Pound Sterling. The revolving credit facility also allows a portion of the availability to be used for outstanding letters of credit, and as of June 30, 2018, there were no letters of credit outstanding. As of December 31, 2017, the outstanding principal balance of the term loan facility was \$810 million and the outstanding balance on the revolving facility was zero.

As of June 30, 2018 and December 31, 2017, we had outstanding \$700 million in aggregate principal balance of 6.375% senior unsecured notes due in 2023, \$600 million in aggregate principal balance of 5.00% senior unsecured notes due in 2022, \$500 million in aggregate principal balance of 4.625% senior unsecured notes due in 2021 and \$400 million in aggregate principal balance of 5.875% senior unsecured notes due in 2021.

Our revolving trade receivables securitization facility provides the Company with up to \$200 million in funding based on the availability of eligible receivables and other customary factors and conditions. As of June 30, 2018 and December 31, 2017, the Company had \$100 million and zero, respectively, outstanding under the facility.

Employee Benefit Plans In 2018, we expect to make contributions of \$30 million to our international pension plans, \$60 million to our postemployment plan and \$2 million to our postretirement plan. For additional information, refer to Note 8. Employee Benefit Plans of the Notes to the Condensed Consolidated Financial Statements.

Transformation and Restructuring Initiatives We continue to evaluate and implement programs to prioritize driving margin improvement. In Services, our Mission One performance and profit improvement program is focused on transforming NCR's service margin profile through: i) productivity and efficiency improvements; ii) remote diagnostics and repair; iii) product life cycle management and iv) a higher mix of managed services. In Hardware, we are streamlining our manufacturing operations to help us reduce our exposure to variable hardware demand as well as increase global utilization rates and optimize our supply chain network. In addition to these initiatives, we are also in the process of transforming our organizational design, resources and software product portfolio. As we finalize and execute on these initiatives, NCR expects to incur a related pre-tax charge over the next two years in the range of approximately \$200 million to \$250 million, with \$100 million to \$150 million in 2018, that will be included in income from operations. The cash impact of these transformation initiatives is expected to be approximately \$150 million to \$200 million over the next two years, with \$100 million in 2018. We plan to achieve run-rate savings of approximately \$150

million per year by 2020. In the six months ended June 30, 2018, we incurred a \$82 million pre-tax charge and \$36 million of cash payments.

Series A Convertible Preferred Stock On December 4, 2015, NCR issued 820,000 shares of Series A Convertible Preferred Stock to certain entities affiliated with the Blackstone Group L.P. for an aggregate purchase price of \$820 million, or \$1,000 per share, pursuant to an Investment Agreement between the Company and Blackstone, dated November 11, 2015. In connection with the issuance of the Series A Convertible Preferred Stock, the Company incurred direct and incremental expenses of \$26 million. These direct and incremental expenses reduced the Series A Convertible Preferred Stock, and will be accreted through retained earnings as a deemed dividend from the date of issuance through the first possible known redemption date, March 16, 2024. Holders of Series A Convertible Preferred Stock are entitled to a cumulative dividend at the rate of 5.5% per annum, payable quarterly in arrears. During the three months ended June 30, 2018 and 2017, the Company paid dividends-in-kind of \$12 million and \$11 million, respectively, associated with the Series A Convertible Preferred Stock. During the six months ended June 30, 2018 and 2017, the Company paid dividends-in-kind of \$23 million, respectively, associated with the Series A Convertible Preferred Stock. As of June 30, 2018 and December 31, 2017, the Company had accrued dividends of \$3 million, respectively, associated with the Series A Convertible Preferred Stock. There were no cash dividends declared during the three and six months ended June 30, 2018 or 2017.

The Series A Convertible Preferred Stock is convertible at the option of the holders at any time into shares of common stock at a conversion price of \$30.00 per share, or a conversion rate of 33.333 shares of common stock per share of Series A Convertible Preferred Stock.

As of June 30, 2018 and December 31, 2017, the maximum number of common shares that could be required to be issued upon conversion of the outstanding shares of the Series A Convertible Preferred Stock was 28.2 million and 27.5 million, respectively.

Cash and Cash Equivalents Held by Foreign Subsidiaries Cash and cash equivalents held by the Company's foreign subsidiaries at June 30, 2018 and December 31, 2017 were \$336 million and \$442 million, respectively. Under current tax laws and regulations, if cash and cash equivalents and short-term investments held outside the U.S. are distributed to the U.S. in the form of dividends or otherwise, we may be subject to additional U.S. income taxes and foreign withholding taxes, which could be significant.

Summary As of June 30, 2018, our cash and cash equivalents totaled \$343 million and our total debt was \$3.13 billion. As of June 30, 2018, our borrowing capacity under the revolving credit facility was approximately \$1.1 billion, and under our trade receivables securitization facility was \$100 million. Our ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described in Item 1A of Part I of the Company's 2017 Annual Report on Form 10-K and Item 1A of Part II of this Quarterly Report on Form 10-Q. If we are unable to generate sufficient cash flows from operations, or otherwise comply with the terms of our credit facilities or senior unsecured notes, we may be required to seek additional financing alternatives.

We believe that we have sufficient liquidity based on our current cash position, cash flows from operations and existing financing to meet our required pension, postemployment, and postretirement plan contributions, remediation and other payments related to the Fox River and Kalamazoo River environmental matters, debt servicing obligations, and our operating requirements for the next twelve months.

Contractual and Other Commercial Commitments

The Company's uncertain tax positions are not expected to have a significant impact on liquidity or sources and uses of capital resources. Our product warranties are discussed in Note 9. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements.

Critical Accounting Policies and Estimates

As described in Note 1. Basis of Presentation and Summary of Significant Accounting Policies, of the Notes to Condensed Consolidated Financial Statements, we adopted various accounting standard updates effective January 1, 2018, most notably the adoption of the new revenue recognition accounting guidance.

Management reassessed the critical accounting policies as disclosed in our 2017 Form 10-K and determined that, other than the change in accounting for revenue recognition, there were no changes to our critical accounting policies or our estimates associated with those policies in the six months ended June 30, 2018. See discussion in Note 2. Accounting Policies related to Revenue with Contracts with Customers of the Notes to Condensed Consolidated Financial Statements for new revenue recognition related accounting policies.

New Accounting Pronouncements

See discussion in Note 1. Basis of Presentation and Summary of Significant Accounting Policies of the Notes to Condensed Consolidated Financial Statements for new accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “plan,” “believe,” “will,” “should,” “would,” “could” and words of similar meaning. Statements that describe or relate to NCR’s plans, goals, intentions, strategies or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors relating to: the strength of demand for ATMs and other financial services hardware and its effect on the results of our businesses and reportable segments; our ability to generate accurate forecasts of product demand and to engage third-party suppliers appropriately to meet that demand, including the on-boarding of new or additional suppliers; domestic and global economic and credit conditions including, in particular, those resulting from uncertainty in the “BRIC” economies, economic sanctions against Russia, the determination by Britain to exit the European Union, the potential for changes to global or regional trade agreements or the imposition of protectionist trade policies, and the imposition of import or export tariffs or border adjustments; the impact of our indebtedness and its terms on our financial and operating activities; the impact of the terms of our strategic relationship with Blackstone and our Series A Convertible Preferred Stock; the transformation of our business model and our ability to sell higher-margin software and services; the possibility of disruptions in or problems with our data center hosting facilities; cybersecurity risks and compliance with data privacy and protection requirements; our ability to successfully introduce new solutions and compete in the information technology industry; our ability to improve execution in our sales and services organizations; defects or errors in our products; manufacturing disruptions, including those caused by or related to outsourced manufacturing; collectability difficulties in subcontracting relationships in Emerging Industries; the historical seasonality of our sales; foreign currency fluctuations; the availability and success of acquisitions, divestitures and alliances; our pension strategy and underfunded pension obligation; the success of our restructuring plans and cost reduction initiatives, including those in our Hardware segment; tax rates; reliance on third party suppliers; development and protection of intellectual property; workforce turnover and the ability to attract and retain skilled employees; uncertainties or delays associated with the transition of key business leaders; environmental exposures from our historical and ongoing manufacturing activities; and uncertainties with regard to regulations, lawsuits, claims and other matters across various jurisdictions. Additional information concerning these and other factors can be found in the Company’s filings with the U.S. Securities and Exchange Commission, including the Company’s most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Information About NCR

NCR encourages investors to visit its web site (<http://www.ncr.com>) which is updated regularly with financial and other important information about NCR. The contents of the Company’s web site are not incorporated into this quarterly report or the Company’s other filings with the U.S. Securities and Exchange Commission.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risks primarily from changes in foreign currency exchange rates and interest rates. It is our policy to manage our foreign exchange exposure and debt structure in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. In managing market risks, we employ derivatives according to documented policies and procedures, including foreign currency contracts and interest rate swaps. We do not use derivatives for trading or speculative purposes.

Foreign Exchange Risk

Since a substantial portion of our operations and revenue occur outside the United States, and in currencies other than the U.S. Dollar, our results can be significantly impacted by changes in foreign currency exchange rates. We have exposure to approximately 50 functional currencies and are exposed to foreign currency exchange risk with respect to our sales, profits and assets and liabilities denominated in currencies other than the U.S. Dollar. Although we use financial instruments to hedge certain foreign currency risks, we are not fully protected against foreign currency fluctuations and our reported results of operations could be affected by changes in foreign currency exchange rates. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange forward and option contracts. These foreign exchange contracts are designated as highly effective cash flow hedges. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by the marketing units. All of these transactions are forecasted. We also use derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency denominated balance sheet exposures. For these derivatives we recognize gains and losses in the same period as the remeasurement losses and gains of the related foreign currency-denominated exposures.

We utilize non-exchange traded financial instruments, such as foreign exchange forward and option contracts, that we purchase exclusively from highly rated financial institutions. We record these contracts on our balance sheet at fair market value based upon market price quotations from the financial institutions. We do not enter into non-exchange traded contracts that require the use of fair value estimation techniques, but if we did, they could have a material impact on our financial results.

For purposes of analyzing potential risk, we use sensitivity analysis to quantify potential impacts that market rate changes may have on the fair values of our hedge portfolio related to firmly committed or forecasted transactions. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction. A 10% appreciation or depreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would have resulted in a corresponding increase or decrease of \$12 million as of June 30, 2018 in the fair value of the hedge portfolio. The Company expects that any increase or decrease in the fair value of the portfolio would be substantially offset by increases or decreases in the underlying exposures being hedged.

The U.S. Dollar was weaker in the second quarter of 2018 compared to the second quarter of 2017 based on comparable weighted averages for our functional currencies. This had an 1% impact on second quarter 2018 revenue versus second quarter 2017 revenue. This excludes the effects of our hedging activities and, therefore, does not reflect the actual impact of fluctuations in exchange rates on our operating income.

Interest Rate Risk

We are subject to interest rate risk principally in relation to variable-rate debt. Approximately 70% of our borrowings were on a fixed rate basis as of June 30, 2018. The increase in pre-tax interest expense for the six months ended June 30, 2018 from a hypothetical 100 basis point increase in variable interest rates would be approximately \$5 million.

Concentrations of Credit Risk

We are potentially subject to concentrations of credit risk on accounts receivable and financial instruments, such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Our business often involves large transactions with customers for which we do not require collateral. If one or more of those customers were to default in its obligations under applicable contractual arrangements, we could be exposed to potentially significant losses. Moreover, a prolonged downturn in the global economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. We believe that the reserves for potential losses are adequate. As of June 30, 2018, we did not have any significant concentration of credit risk related to financial instruments.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NCR has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) to provide reasonable assurance that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is accumulated and communicated to NCR's management, including its Chief Executive and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation as of the end of the second quarter of 2018, conducted under their supervision and with the participation of management, the Company's Chief Executive and Chief Financial Officers have concluded that NCR's disclosure controls and procedures are effective to meet such objectives and that NCR's disclosure controls and procedures adequately alert them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in NCR's Exchange Act filings.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. LEGAL PROCEEDINGS

The information required by this item is included in Note 9. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements in this quarterly report and is incorporated herein by reference.

Item 1A. RISK FACTORS

Part I, Item 1A ("Risk Factors") of the Company's 2017 Annual Report on Form 10-K (the 2017 Annual Report) includes a discussion of the risks and uncertainties related to our business. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the 2017 Annual Report. Except as presented below, there have been no material changes from the risk factors described in the 2017 Annual Report.

Operating Results Fluctuations. *Our revenue, operating results, and margins could fluctuate for a number of reasons, including those described below:*

Manufacturing. At December 31, 2017:

- we manufactured our ATMs in facilities located in Columbus, Georgia, USA; Manaus, Brazil; Budapest, Hungary; Beijing, China; and Chengalpattu, India;
- our self-checkout solutions were manufactured in facilities located in Columbus, Georgia, USA and Budapest, Hungary;
- our financial kiosk solutions were manufactured in facilities located in Beijing, China; Budapest, Hungary; Manaus, Brazil; and Chengalpattu, India;
- our POS/Display terminals were manufactured in facilities located in Columbus, Georgia, USA; and Budapest, Hungary, and certain hand-held solutions were manufactured in Salzburg, Austria; and
- we outsourced the manufacturing in all geographic regions of its payment solutions, some POS terminals, printers, bar code scanners and various other kiosks.

On April 23, 2018, we announced our intention to streamline our manufacturing operations by closing two manufacturing plants in the Columbus, Georgia area and another in Beijing, China, and to move the manufacturing operations at those plants to other existing NCR facilities and to current third party suppliers. If we develop or experience problems relating to product quality or on-time delivery to customers that we are unable to quickly manage and resolve, whether due to the geographical diversity of our manufacturing base, the use of contract or outsourced manufacturing, or otherwise, we could experience business interruption that could negatively impact our business and operating results.

Reliance on Third Parties. If third party suppliers upon which we rely are not able to fulfill our needs, our ability to bring our products to market in a timely fashion could be affected. In most cases, there are a number of vendors providing the services and producing the parts and components that we utilize in or in connection with our products. However, there are some services and components that are licensed or purchased from single sources due to price, quality, technology, functionality or other reasons. For example, we depend on transaction processing services from Accenture, computer chips and microprocessors from Intel and operating systems from Microsoft. Certain parts and components used in the manufacturing of our ATMs and the delivery of many of our retail solutions are also supplied by single sources. In addition, there are a number of key suppliers for our businesses that provide us with critical products for our solutions. If we were unable to secure the necessary services, including contract manufacturing, parts, software, components or products from a particular vendor, and we had to find an alternative supplier, our new and existing product shipments and solution deliveries, or the provision of contracted services, could be delayed, impacting our business and operating results.

We have, from time to time, formed alliances with third parties that have complementary products, software, services and skills. These alliances represent many different types of relationships, such as outsourcing arrangements to manufacture hardware and subcontract agreements with third parties to perform services and provide products and software to our customers in connection with our solutions. For example, we rely on third parties for cash replenishment services for our ATM products. We also rely on Jabil Inc. to provide contract manufacturing services for our automated teller machines and self-service checkout solutions, primarily for our customers in the Americas. These alliances introduce risks that we cannot control, such as nonperformance by third parties and difficulties with or delays in integrating elements provided by third parties into our solutions. Lack of information technology

infrastructure, shortages in business capitalization, and manual processes and data integrity issues, particularly with smaller suppliers, can also create product time delays, inventory and invoicing problems, staging delays, as well as other operating issues. The failure of third parties to provide high-quality products or services that conform to required specifications or contractual arrangements could impair the delivery of our solutions on a timely basis, create exposure for non-compliance with our contractual commitments to our customers and impact our business and operating results. Also, some of these third parties have access to confidential NCR and customer data, the integrity and security of which are of significant importance to the Company.

Work Environment. *Continuous improvement, customer experience, restructuring and cost reduction initiatives could negatively impact productivity and business results.* In the past, we have undertaken restructuring plans, and, in addition, as part of our ongoing efforts to optimize our cost structure, from time to time, we shift and realign our internal organizational structure and resources. For example, on April 23, 2018, we announced our intention to streamline our manufacturing operations by closing two manufacturing plants in the Columbus, Georgia area and another in Beijing, China, and to move the manufacturing operations at those plants to other existing NCR facilities and to current third party suppliers. These activities could temporarily result in reduced productivity levels. If we are not able to timely execute on these initiatives, or if the costs to complete these initiatives is higher than anticipated, our results of operations or financial condition could be adversely affected. In addition to these initiatives, we have initiatives to grow and expand our software business, streamline our services business, enable our sales force to better sell our solutions, invest in our software and cloud solutions and improve the experience of our customers. We typically have many such initiatives underway. If we are not successful in implementing and managing these various initiatives and minimizing any resulting loss in productivity, we may not be able to achieve targeted cost savings or productivity gains, and our business and operating results could be negatively impacted.

On January 8, 2018, we opened our new world headquarters in Atlanta, Georgia, and are in the process of relocating our headquarters operations to this facility. From time to time we may undertake similar projects with respect to our office, manufacturing or other facilities. Implementation of relocation plans such as these could result in business disruption due to a lack of business continuity, which, among other things, could have a negative impact on our productivity and business and operating results.

If we do not retain key employees, or attract quality new and replacement employees, we may not be able to meet our business objectives. Our employees are vital to our success, including the successful transformation of the Company into a software and solutions driven business. Therefore, our ability to retain our key business leaders and our highly skilled software development, technical, sales, consulting and other key personnel, including key personnel of acquired businesses, is critical. These key employees may decide to leave NCR for other opportunities, or may be unavailable for health or other reasons. In addition, as our business model evolves, we may need to attract employees with different skill sets, experience and attributes to support that evolution. If we are unable to retain our key personnel, or we are unable to attract highly qualified new and replacement employees by offering competitive compensation, secure work environments and leadership opportunities now and in the future, our business and operating results could be negatively impacted. In addition, a failure to ensure the effective and timely transfer of knowledge and a smooth transition of key employees, including our Chief Executive Officer and Chief Financial Officer, could hinder business continuity, personnel retention and operational execution, which, among other things, could have a negative impact on our productivity and business and operating results. Uncertainties or delays associated with the transition of key business leaders could also cause fluctuation in our stock price.

Our ability to effectively manage our business could be negatively impacted if we do not invest in and maintain reliable technology infrastructure and information systems. It is periodically necessary to add to, replace, upgrade or modify our technology infrastructure and internal information systems. If we are unable to expand, replace, upgrade or modify such systems in a timely and cost-effective manner, especially in light of demands on our information technology resources, our ability to capture and process financial transactions and, therefore, our financial condition, results of operations, or ability to comply with legal and regulatory reporting obligations, may be negatively impacted.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Plans and Programs**

On October 19, 2016, the Board approved a share repurchase program, with no expiration from the date of authorization, for the systematic repurchase of the Company's common stock to offset the dilutive effects of the Company's employee stock purchase plan, equity awards and in-kind dividends on the Company's Series A Convertible Preferred Stock. Availability under this program accrues quarterly based on the average value of dilutive issuances during the quarter.

On March 12, 2017, the Board approved a second share repurchase program that provides for the repurchase of up to \$300 million of the Company's common stock. On July 25, 2018, the Board authorized an incremental \$200 million of share repurchases under this program.

As of June 30, 2018, \$90 million was available for repurchases under the March 2017 program, and approximately \$272 million was available for repurchases under the October 2016 dilution offset program. The timing and amount of repurchases under these programs depend upon market conditions and may be made from time to time in open market purchases, privately negotiated transactions, accelerated stock repurchase programs, issuer self-tender offers or otherwise. The repurchases will be made in compliance with applicable securities laws and may be discontinued at any time.

The Company's ability to repurchase its common stock is restricted under the Company's senior secured credit facility and terms of the indentures for the Company's senior unsecured notes, which prohibit certain share repurchases, including during the occurrence of an event of default, and establish limits on the amount that the Company is permitted to allocate to share repurchases and other restricted payments. The limitations are calculated using formulas based generally on 50% of the Company's consolidated net income for the period beginning in the third quarter of 2012 through the end of the most recently ended fiscal quarter, subject to certain other adjustments and deductions, with certain prescribed minimums. These formulas are described in greater detail in the Company's senior secured credit facility and the indentures for the Company's senior unsecured notes, each of which is filed with the SEC.

Recent Repurchases

The following table provides information relating to the Company's repurchases of common stock for the three months ended June 30, 2018, as defined in Rule 10b-18(a)(3) under the Exchange Act:

Time Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Current Programs ⁽¹⁾	Maximum Dollar Value of Shares that May Yet be Purchased Under Programs ⁽¹⁾
April 1 through April 30, 2018	448,910	\$ 31.41	448,910	\$ 352,783,463
May 1 through May 31, 2018	1,028,837	\$ 30.06	1,028,837	\$ 321,853,547
June 1 through June 30, 2018	—	N/A	—	\$ 362,436,244
Second quarter total	1,477,747	\$ 30.47	1,477,747	

⁽¹⁾ The Company occasionally purchases vested restricted stock or exercised stock options at the current market price to cover withholding taxes. For the three months ended June 30, 2018, 591,053 shares were purchased at an average price of \$30.81 per share.

Item 6. EXHIBITS

- 2.1 Separation and Distribution Agreement, dated as of August 27, 2007, between NCR Corporation and Teradata Corporation (Exhibit 10.1 to the Current Report on Form 8-K of Teradata Corporation dated September 6, 2007).
- [3.1](#) Articles of Amendment and Restatement of NCR Corporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q of NCR Corporation for the quarter ended June 30, 2016).
- [3.2](#) Bylaws of NCR Corporation, as amended and restated on February 20, 2018 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of NCR Corporation dated February 23, 2018).
- 4.1 Common Stock Certificate of NCR Corporation (incorporated by reference to Exhibit 4.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).
- [4.2](#) Indenture, dated September 17, 2012, among NCR Corporation, as issuer, NCR International Inc. and Radiant Systems Inc. as subsidiary guarantors and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.01 to the Current Report on Form 8-K of NCR Corporation dated September 17, 2012).
- [4.3](#) Indenture, dated December 18, 2012, among NCR Corporation, as issuer, NCR International Inc. and Radiant Systems Inc. as subsidiary guarantors and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.01 to the Current Report on Form 8-K of NCR Corporation filed December 18, 2012).
- [4.4](#) Indenture, dated December 19, 2013, between NCR Escrow Corp. and U.S. Bank National Association relating to the \$400 million aggregate principal amount of 5.875% senior notes due 2021 (the “5.875% Notes”) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of NCR Corporation dated December 19, 2013 (the “December 19, 2013 Form 8-K”).
- [4.5](#) First Supplemental Indenture relating to the 5.875% Notes, dated January 10, 2014, among NCR Corporation, NCR International, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of NCR Corporation dated January 10, 2014 (the “January 10, 2014 Form 8-K”).
- [4.6](#) Indenture, dated December 19, 2013, between NCR Escrow Corp. and U.S. Bank National Association relating to the \$700 million aggregate principal amount of 6.375% senior notes due 2023 (the “6.375% Notes”) (incorporated by reference to Exhibit 4.2 to the December 19, 2013 Form 8-K).
- [4.7](#) First Supplemental Indenture relating to the 6.375% Notes, dated January 10, 2014, among NCR Corporation, NCR International, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the January 10, 2014 Form 8-K).
- [10.1](#) Master Manufacturing Agreement, dated April 23, 2018, by and between Jabil Inc. and NCR Corporation.
- [10.2](#) Master Hardware Supply Agreement, dated June 28, 2018, between Universal Global Scientific Industrial Co., Ltd. and NCR Corporation.
- [10.3](#) Form of 2018 Director Restricted Stock Unit Grant Statement under the NCR Corporation 2017 Stock Incentive Plan.
- [10.4](#) Employment Agreement, dated April 27, 2018, between Michael Hayford and NCR Corporation.
- [10.5](#) Employment Agreement, dated April 27, 2018, between Frank Martire and NCR Corporation.
- [10.6](#) Letter Agreement, dated April 30, 2018 between William R. Nuti and NCR Corporation.
- [10.7](#) Letter Agreement, dated May 2, 2018, between Paul E. Langenbahn and NCR Corporation.

10.8	Letter Agreement, dated March 19, 2018, between Mark D. Benjamin and NCR Corporation.
31.1	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
32	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financials in XBRL Format.

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, thereunto duly authorized.

NCR CORPORATION

Date: August 3, 2018

By: _____ /s/ Robert Fishman
Robert Fishman
Executive Vice President and Chief Financial Officer

**CERTAIN CONFIDENTIAL MATERIAL APPEARING IN THIS DOCUMENT,
MARKED BY [****], HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS
AMENDED.**

MASTER MANUFACTURING AGREEMENT

NCR Corporation (“Customer”)

and

Jabil Inc. (“Supplier”)

NCR CORPORATION
864 Spring St NW
Atlanta, GA 30308
Website: www.ncr.com

Agreement # _____
Legal Approval: _____

MASTER MANUFACTURING AGREEMENT

As evidenced by the signatures below of their respective authorized officers, **NCR Corporation** (“**Customer**”) and Supplier, **Jabil, Inc.** on behalf of itself and its Affiliates (“**Supplier**”) (each, a “**Party**” and together, the “**Parties**”) enter into this Master Manufacturing Agreement, which consists of (i) the terms and conditions on this cover page (the “**Cover Page**”), (ii) the attached General Terms and Conditions, (iii) the Exhibits and Attachments attached to the General Terms and Conditions and (iv) the NCR Supplier Quality Manual and other Customer Compliance Policies referenced in the General Terms and Conditions and Exhibit 6, each effective as of the Term start date indicated below (collectively, the “**Agreement**”).

	INITIAL TERM OF AGREEMENT: START (“ Effective Date ”): April 22 2018 END OF TERM (“ End Date ”): April 21, 2021	SUPPLIER AND ADDRESS: Jabil Inc. 10560 Dr. Martin Luther King Jr. St. St. Petersburg, FL 33716
Payment Terms: Net 30 Days		

The Agreement has been accepted and executed by Customer at its corporate headquarters. In the Agreement (including the various Exhibits, Attachments, and Statements of Work referenced in any of the foregoing), all capitalized terms shall have the meanings set forth in “Definitions” Exhibit. Other capitalized terms used in the Agreement (including the various Exhibits, Attachments and Statements of Work referenced in any of the foregoing) but not set forth in the “Definitions” Exhibit are defined where they are used and have the meanings there indicated.

SUPPLIER: JABIL INC.

BY: /s/ Michael J. Loparco
NAME: Michael J. Loparco
TITLE: EVP/CEO Engineered Solutions Group
DATE: 4/23/2018

CUSTOMER: NCR CORPORATION

BY: /s/ William R. Nuti
NAME: William R. Nuti
TITLE: Chairman, CEO NCR
DATE: 4/23/18

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General Terms and Conditions

1. Appointment of Supplier

- 1.1 Subject to the terms and conditions of this Agreement, Customer appoints Supplier, and Supplier accepts appointment, as a non-exclusive manufacturer, assembler and supplier of Customer's products described in more detail in the "Statement of Work - Manufacturing Services and Specifications" Exhibit (the "**Products**") to Customer pursuant to Customer's specifications, and for the ultimate benefit of customers of Customer ("**End Users**"), for the initial term stated on the Cover Page. The Services shall include Supplier's obligations to procure components, materials, equipment and other supplies and to manufacture, assemble, and test, the Products. The initial term of this Agreement shall start as of the Effective Date and end on the End Date, and will automatically renew thereafter for one (1) year terms, unless NCR provides written notice of its intent to not to renew the term no less than ninety (90) days prior to the end of the then current term (the initial term and each renewal term, collectively known as the "**Term**"). Unless expressly set forth on "Statement of Work - Manufacturing Services and Specifications" Exhibit, nothing in this Agreement shall be interpreted as a commitment by Customer to purchase any minimum volume or dollar amount of Products from Supplier.
- 1.2 At all times during the Term, Supplier shall occupy and maintain facilities both in compliance with all Legal Requirements (as defined in Section 14.1) and adequate to produce the Products for sale and delivery to Customer and to perform its other obligations under this Agreement.
- 1.3 Subject to the terms and conditions of this Agreement, Customer hereby grants Supplier a non-exclusive, non-sublicensable, non-transferable, limited license during the Term to internally use, at Supplier's places of business, all of Customer's patents, Customer Supplied Software (as described in Exhibit 16), Trade Secrets and other Intellectual Property solely to perform the Services.
- 1.4 Supplier represents that the terms, benefits and warranties, as well as the prices provided to Customer under this Agreement are [*****] offered by Supplier to any commercial customer who has purchased the same or comparable Products.
- 1.5 Supplier shall be fully and primarily responsible for all obligations, and any breach thereof, of its Affiliates who provide Services or otherwise act under this Agreement.

2. Manufacture/Purchase

- 2.1 In accordance with this Agreement, Customer will from time to time issue one or more purchase orders for Products ("**Purchase Order**") to Supplier using Customer's standard form of purchase order in accordance with the lead times set forth in "Statement of Work - Manufacturing Services and Specifications" Exhibit or any other written agreement between the Parties. Supplier may reject any non-conforming Purchase Order by delivering a rejection notice to Customer within two (2) business days after receipt of the Purchase Order. Otherwise, the Purchase Order will be deemed accepted by Supplier. Purchase Orders are deemed conforming (and may not be rejected by Supplier) if (i) the delivery dates are within agreed lead times, (ii) the quantity is within the limits set forth in the Forecast or within the quantity flexibility limits described below and (iii) the Product Prices matches the agreed prices
- 2.2 Customer will have quantity flexibility on delivery schedule within its Purchase Orders in the percentages set forth below. Customer may pull in or push out a shipment date for a part of a Purchase Order only within the limits set forth below. For Customer's reschedule request outside the bands set below, the Parties will agree upon any additional costs. Customer and Supplier will agree on semi-variable costs associated with downside requests outside of the flexibility window. For the avoidance of doubt this Section 2.2 applies to Products which have continuous and ongoing demand under normal forecasting conditions.

Days Before Shipment

[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]

The flexibility above is subject to material availability in the market place at time of the increased requirement and Customer will be responsible for the reasonable, actual, out-of-pocket material premiums and reasonable, actual, out-of-pocket expedited freight costs associated with any upside requests, including those within the flexibility window (but above Forecast).

Customer shall have the right to amend the Purchase Order to delay Product shipment dates or quantity of Product to avoid or reduce the necessity to purchase Material at a premium or pay for expedited freight costs. Supplier will add, at no additional cost to Customer, additional labor and other resources such as non-specific capital equipment to accommodate the upside request. All flexibility Product deliveries will be subject to lead time verification on both specific and non-specific capital equipment.

Supplier will use Commercially Reasonable Efforts to mitigate any additional costs and accommodate upside and downside requests as described above. Before charging a premium or other fee associated with a flexibility action outside of the parameters above, Supplier will obtain Customer's prior approval.

- 2.3 Supplier shall manufacture and deliver Products to Customer as ordered by Customer in accordance with this Agreement. Supplier will provide Customer with summaries of Product purchases for Product tracking, in a format and with a frequency reasonably requested by Customer.
- 2.4 During the Term, Supplier will maintain an inventory of Materials, and packaging materials satisfactory to Customer and adequate to supply Products to Customer, without delay, to the extent it does not exceed [*****], Days of Supply ("DOS") as determined in accordance with in Exhibit 14; provided, however, that the Parties may from time to time agree upon a different DOS inventory level to be maintained by Supplier, which shall thereafter be the then current DOS inventory level and the applicable Target DOS for purposes of Exhibit 14. In addition, Customer may require Supplier to maintain an amount of safety stock for specific Materials. The estimated quantities of Products provided in the Forecasts are made by Customer based on Customer's projected orders. Supplier acknowledges that the actual quantities and order patterns may vary and may not be evenly distributed throughout the Term. Subject to Section 2.5, Supplier agrees to use its best available knowledge, in order to ascertain the levels at which such inventory shall from time to time be maintained.
- 2.4.1 During the first twelve (12) months from the Effective Date, inventory deposit will be calculated using [*****] DOS. For avoidance of doubt, for purposes of Exhibit 14 inventory includes finished goods Products, work in progress material and Materials on hand and in transit, as long as Supplier holds financial ownership.
- 2.5 Customer will provide Supplier rolling twelve (12) month stock level parameters for the Products and packaging materials on a monthly basis ("**Forecasts**") throughout the Term. Supplier will use the Forecasts for managing the production, inventory and distribution level of the relevant Products and packaging and, notwithstanding any other provision of this Agreement, any inventory acquired by the Supplier without Customer authorization in excess of the specified levels in the Forecasts is the sole responsibility of Supplier with the exception of the minimum order quantity and standard pack quantity for each Material. The Parties will agree upon a maximum lead-time (Purchase Order receipt to ship date) for each Product. Supplier shall satisfy the required production quantity within the established lead times subject to material availability and the flexibility parameters as specified in this Agreement. Supplier will immediately advise Customer if it cannot comply with any lead-

time. Supplier will provide to Customer a copy of Supplier's manufacturing calendar for the current year and next year which presents all known/planned holiday and factory shutdowns.

2.6 Materials Procurement. Supplier will order materials based on vendor quoted lead-times plus five (5) business days for purchase order placement and material receipt process time.

2.6.1 Customer will commit, as described in this Section, to all Material relating to the 12 month Forecast subject to the lead-time requirements in section 2.6. Supplier agrees to supply Customer with a list of Materials including what items it deems to be long-lead material constituting greater than six (6) month lead times ("**Long-Lead Material**") and their respective line item costs before making any purchases. Supplier agrees that any Long-Lead Materials purchases made by Supplier shall not exceed the minimum amount of Long-Lead Material needed to fulfill the Forecast considering the applicable lead times for such items. Customer agrees that Supplier will place orders with vendors to standard pack quantities and minimum order quantities as defined by such vendors which may exceed Customer's forecasted demand. If the Material that has been purchased in accordance with this Section 2.6 has not been consumed by a Purchase Order prior to the discontinuance of the relevant Product or termination of this Agreement, Customer will purchase the Material at a price equal to the actual and direct cost of such items.

2.6.2 Customer shall purchase on a quarterly basis all Obsolete Material from Supplier at its actual and direct cost. "**Obsolete Material**" shall mean Material, sub-assemblies or final Product(s) that do not have demand in the 12-month Forecasts. Excess Material shall be managed through an inventory deposit agreement as described in Exhibit 14, not to exceed the maximum warehouse space agreed by Parties. "**Excess Material**" means Material, work in progress ("WIP") or Product(s) in Supplier's inventory for more than [****] and which were ordered, purchased or manufactured based on a Forecast or Purchase Orders or other written instruction by Customer to Supplier.

2.6.3 For the purposes of this clause: i) "NCR Unique" means Materials designed, manufactured and sold only to, or as designated by, Customer; and ii) "Opened or NCNR Materials" means Materials that Supplier has on hand that are NCR Unique and which are already in the Supplier's possession and are non-returnable because they have been removed from packaging or were ordered under non-cancellable or non-refundable orders. Supplier shall on a monthly basis provide Customer with a list of all Excess Material. Customer shall direct Supplier to either retain the Excess Materials in inventory or use Commercially Reasonable Efforts to assist Customer in minimizing Customers liability by taking the following steps:

2.6.3.1 As soon as is commercially practical reduce or cancel orders to the extent contractually permitted;

2.6.3.2 Return all Materials to the extent contractually permitted;

2.6.3.3 Make all Commercially Reasonable Efforts to sell Materials other than NCR Unique to third parties or Supplier's other customers; and

2.6.3.4 Assist Customer to determine whether current work in progress should be completed, scrapped or shipped "as is."

3. Third Party Contracts - Compliance, Substitutions and Additions

3.1 Supplier agrees to purchase all raw materials, components and parts for the manufacture of the Products in accordance with Customer's approved vendor's list set forth in the "Approved Vendors" Exhibit and to the extent applicable pursuant to the designated Third Party Contracts ("**Materials**"). Any use by Supplier of any Materials, goods, parts or services provided by approved vendors and/or under designated Third Party Contracts shall be limited to fulfilling the requirements of this Agreement. To use other vendors of Materials and services, Supplier must obtain Customer's prior written consent, which consent shall normally be provided within sixty (60) days and, in any event, shall not be unreasonably withheld or delayed. Supplier will provide Customer reasonably sufficient

information, subject to confidentiality obligations, to assess the benefits of procuring Materials and services under agreements between Supplier and Third Parties (including Customer receiving the benefit of Supplier's most favorable Third Party vendor arrangements and obtaining favorable pricing by aggregating volumes of Supplier, Customer, Customer Group and other of Supplier's clients). Supplier's use of such agreements shall be conditioned on and subject to (i) Supplier complying with the terms and conditions of such agreements; (ii) unless prohibited by the applicable Third Party vendor agreement and at all times subject to confidentiality requirements between Supplier and its vendors, [****]; and iii) Supplier retaining responsibility for curing any breaches of such agreements. Notwithstanding anything in this Agreement to the contrary, it is the express intention and agreement of the Parties that Supplier shall facilitate Customer Group to benefit from agreements between Supplier and Third Parties for orders issued under this Agreement.

- 3.2 Supplier shall adhere to the applicable product and services standards provided in writing by Customer and Minimum Contractual Requirements specified by Customer or set forth in the "Statement of Work - Manufacturing Services and Specifications" Exhibit and shall not deviate from such standards and Minimum Contractual Requirements without Customer's prior approval. To the extent an authorized Customer's representative specifies the third party vendor, pricing and/or other terms and conditions for procuring products or services on behalf of Customer or Customer Group, Supplier shall not deviate from such instructions without Customer's prior approval. Customer has established Minimum Contractual Requirements for use by Supplier in connection with its procurement of products and services on behalf of Customer. Contracts that do not comply with the Minimum Contractual Requirements will require Customer's express written waiver of each deviation from the Minimum Contractual Requirements. For the avoidance of doubt, Supplier is obligated to provide express written notice to Customer that a contract with a third party vendor does not or will not meet the Minimum Contractual Requirements and following receipt of such written notice, the addition of a third party vendor by Customer to Customer's approved vendor list shall constitute Customer's express written waiver. The Parties acknowledge and agree that Customer shall retain authority over strategic direction for the Services (including the authority to [****]) and the right to [****].
- 3.3 To the extent that Customer provides Supplier with access to or use of leased equipment, licensed Software and/or services and/or resources subject to Third Party Contracts for which Customer retains legal responsibility, Supplier shall, and shall cause its subcontractors, to comply with all the obligations under the Third Party Contracts applicable to such leased equipment, licensed Software and/or services and/or resources which are not payment obligations specifically retained by Customer; provided, however, that Supplier will only be obligated under this Section 3.2 with regard to the Third Party Contracts to the extent the obligations thereunder are disclosed to Supplier. Supplier shall cease use of such items upon expiration or termination of the Agreement or as required by Customer consistent with the terms of the Agreement. To the extent provided to Supplier by Customer prior to execution of the Agreement, Supplier shall be deemed to have reviewed and accepted the obligations under such Third Party Contracts.
- 3.4 Customer may substitute or add Third Party Contracts, or delete Third Party Contracts, including requiring Supplier to designate Materials to be purchased under a specific Third Party Contract with a designated vendor. If Customer requests a substitution of any Third Party Contracts for which Supplier has financial responsibility according to the "Charges" Exhibit, [****] under the Third Party Contracts being replaced.
- 3.5 If Customer requests deletion of any Third Party Contracts for which Supplier has financial responsibility and does not immediately substitute any other new Third Party Contracts therefor, Customer may, at its option, [****]. Supplier will provide Customer with the support documentation necessary to permit Customer to evaluate the decision to replace such Third Party Contracts.
- 3.6 If Customer adds any Third Party Contract(s), Parties shall negotiate the impact on the Charges in accordance with the Change Control Process. To the extent Supplier is relieved of payment

obligations to any third party vendor, as a result of any substitution, addition, or deletion under this Section 3, Customer shall receive a credit against the Charges in the amount of such reduction.

- 3.7 To the extent Third Party Contracts described in this Section 3 are not provided to Supplier prior to the Effective Date, Customer shall use Commercially Reasonable Efforts to provide such Third Party Contracts to Supplier as soon as practicable. Within thirty (30) days after such Third Party Contracts are provided to Supplier, Supplier will identify any terms and conditions that Supplier believes are impracticable for it to comply with or that are not commercially reasonable. No terms or conditions shall be identified by Supplier as impracticable to comply with or not commercially reasonable if such terms or conditions are similar in content to the terms and conditions in Third Party Contracts previously accepted by Supplier with respect to other Third Party Contracts under similar facts and circumstances. If Supplier identifies any such problematic terms and conditions, Customer will use Commercially Reasonable Efforts to modify the terms and conditions in the Third Party Contracts to Supplier's reasonable satisfaction. If Supplier does not identify any such problematic terms and conditions within thirty (30) days after receipt of such Third Party Contracts, the provisions of Section 3.2 shall apply with respect to Supplier's compliance with the obligations under such Third Party Contracts. If Customer is unable to modify to Supplier's reasonable satisfaction any problematic terms and conditions, the Parties shall use Commercially Reasonable Efforts to determine and adopt such alternative approaches as are necessary and sufficient to provide the Services without requiring Supplier to use such Third Party Contracts. If such alternative approaches are required for a period longer than ninety (90) days following the Commencement Date, the Parties shall equitably adjust the terms and Charges to reflect any additional costs being incurred by the Parties and any changes to the Services.
- 3.8 Supplier agrees to work with Customer to support the development, deployment, and ongoing operations of computer systems at Supplier as required to support the manufacturing and product fulfillment processes. Supplier furthermore recognizes Customer's intention to deploy an Enterprise Resource Planning System and associated Order Management System at Supplier to be operated by Supplier Personnel.

4. Specifications

- 4.1 All Products provided by Supplier hereunder must be produced in strict compliance with the specifications detailed in the "Statement of Work - Manufacturing Services and Specifications" Exhibit or any superseding specifications issued by Customer (individually or together, the "**Specifications**"); provided, however, that Supplier shall receive reasonable prior written notice of any such superseding Specifications. All Products delivered to Customer under this Agreement must be in conformance with the Specifications
- 4.2 Supplier will provide samples of each model Product, replacement parts, accessory items and its packaging ("**Samples**"). Samples shall be manufactured using the production process (including production tooling) and must conform to the Specifications and Legal Requirements. The Samples may be inspected by Customer and Supplier will be advised of changes, if any, which need to be made before production, and/or packaging of Products may be commenced. Supplier will provide a list of service parts if requested by Customer. The final approved Samples shall supplement the Specifications to which the Products shall strictly conform. All Sample requests and fulfillment will be subject to mutual agreement on costs and delivery.
- 4.3 Customer reserves the right at any time to direct changes to drawings and Specifications of the Products or otherwise to change the Products covered by this Agreement or any Purchase Order, including with respect to such matters as inspection, testing, and quality control, and Supplier agrees to make all such changes promptly. Any change requests and fulfillment of such change requests shall be made in accordance the Change Control Process as described in Section 30.4.
- 4.4 Supplier must obtain the written consent of Customer before making any substitutions, improvements, modifications, or changes to any of the Products. Customer may grant or withhold its consent to such substitutions, improvements, modifications, or changes, in its sole discretion.

Supplier must receive Customer's consent to any substitutions, improvements, modifications, or changes through Customer's change and qualification process in effect at the time of the proposed change and the Change Control Process as described in Section 30.4.

5. Packaging, Enclosures and Marking Specifications

- 5.1 Supplier shall pack, mark and ship Products properly in accordance with the Specification provided by Customer.
- 5.2 Each Product and its packaging shall bear an appropriate country of origin legend and the appropriate trademark notice (® or ™) adjacent any Customer registered or common law trademark used as set forth in the Specifications.
- 5.3 In the event that Customer instructs Supplier to provide the content for the packaging (e.g., claims regarding performance of the Products or benefits the user of the Products receives), Supplier shall substantiate all claims made by Supplier with respect to the Products. Such substantiation shall be provided to Customer with the Samples and shall demonstrate that such claims are compliant with all applicable Legal Requirements, including, but not limited to, Federal Trade Commission and European Union regulations, as instructed by Customer. Additionally, upon request by Customer, Supplier will provide Customer with a list of any chemicals and substances used in its manufacturing process that are governed by the State of California's Health & Safety Code Section 25249.6, otherwise known as California Proposition 65 or any similar law of any other State or locality of the United States, Province or locality of Canada or of any country or subdivision thereof in which the Products are intended to be sold to consumers. In the event that Customer instructs Supplier to provide the content for the packaging, Supplier shall ensure that the packaging is in compliance with any and all other environmental labeling, reporting, disclosure and registration requirements imposed by any governmental body with respect to the chemicals and substances in its manufacturing process as instructed by Customer.
- 5.4 In the event that Customer provides the packaging for Products, Supplier agrees that it will not use Customer packaging in any manner except in connection with the Services and manufacture of the Products covered by this Agreement. Further, Customer has no obligation to mark such packages with information concerning Supplier's Intellectual Property rights.

6. Shipment, Delivery, and Title

- 6.1 Supplier shall make deliveries of Products in the quantities and at the times and locations as are specified in the Purchase Orders or as otherwise mutually agreed between the Parties. For orders of Products where quantities or delivery schedules are not specified in a Purchase Order or by Customer or are modified by Customer, subject to Section 2.1, Supplier shall deliver Products in such quantities and at such times as Customer may direct in subsequent or modified Purchase Orders, receipts, schedules, or releases.
- 6.2 Unless otherwise mutually agreed by the Parties, Products are to be delivered FCA (Incoterms 2010) to the point specified in the Purchase Order.
- 6.3 Customer shall not be required to make payment for Products delivered to Customer that are in excess of quantities specified in the applicable Purchase Order.
- 6.4 If all or any portion of an order is not delivered within [****] of the delivery date(s) agreed between the Parties for commitments made within fifteen (15) days of the delivery date due solely to an act or omission Supplier ("**Delay**"), then Customer may [****]:
 - 6.4.1 Require Supplier to ship the order via premium means (such as air freight, including overnight air freight) at Supplier's expense; limited to [****] of the total cost of the affected Products.
 - 6.4.2 [****]

- 6.5 Supplier shall promptly notify Customer in writing of any Delay or anticipated Delay on shipment of items purchased. Supplier must obtain the prior written consent of Customer for alternate Product substitution in accordance with Section 4.4.
- 6.6 The Parties understand and agree that at all times during the Term hereof, Supplier shall own Products until delivered to Customer. Title shall transfer to Customer at the FCA (Incoterms 2010) point designated in the applicable Purchase Order.
- 6.7 The Parties understand and agree that at all times during the Term hereof, Supplier shall assume and bear the risk of loss for all Products until they are tendered to Customer's carrier or freight forwarder at the FCA (Incoterms 2010) point designated in the applicable Purchase Order in accordance with the terms of this Agreement.

7. Quality Assurance; Product Inspection

- 7.1 Supplier shall comply with all quality assurance procedures specified by Customer and agreed with Supplier, and from time to time Customer may conduct additional testing of the Products or of Product samples provided by Supplier to ensure that the Products satisfy the standards of the Specifications. Supplier agrees that Customer shall have the right, at Customer cost and expenses, to visit and enter Supplier's facility at reasonable times to inspect the facility, goods, materials, and any property of Customer covered by this Agreement or any Purchase Order and [****], including any and all of Supplier's test data.
- 7.2 Supplier agrees to maintain, and provide copies to Customer if requested, test data documentation that shall accurately measure and ensure compliance with critical dimensions, material composition (as necessary) to evidence compliance with the Specification or law, and other critical requirements provided by Customer on the Specifications. Supplier shall maintain such test data documentation for a period of 5 years from the date of expiration or termination of this Agreement or date of final shipment of Products, whichever is later.
- 7.3 Customer shall have the right to inspect Products both prior to shipment and at the ultimate destination to determine if the Products conform to the Specifications.
- 7.4 Based upon its inspection and testing at its ultimate destination, Customer may reject any shipment or part thereof which in the discretion of Customer allegedly does not meet all of the Specifications, the Legal Requirements, the packaging requirements, the quality control requirements, or any other term or condition of this Agreement. Customer will notify Supplier of any such rejection and provide Supplier evidence of such alleged non-conformance and the reasons for the such rejection. Customer will hold the Product and allow Supplier to verify such claim of non-conformance which in no event shall take more than [****]. Upon mutual agreement, Supplier will credit back any charges and both Parties will agree on a suitable disposition of the Product per the remedies set forth in Section 16 and the Support Services Exhibit.
- 7.5 To the extent Customer rejects Products as allegedly non-conforming, Customer will follow the RMA Procedure set forth in the Support Services Exhibit.
- 7.6 Inspection of Products by Customer whether during manufacture, prior to delivery, or within a reasonable time after delivery, and whether at Supplier's facility or at any other location, shall not constitute acceptance of any work-in-progress or of any finished goods. Further, acceptance of such Products shall not relieve Supplier of its warranty obligations under Section 16.
- 7.7 Supplier is responsible for arrangement of transport and cost of shipment for Products shipped, in accordance with Section 7.5, to replace Defective Products in accordance with Section 16.4.

8. Performance/Service Levels/Service Level Credits

- 8.1 Starting on the Commencement Date, Supplier agrees to perform and provide the Services in a manner that shall meet or exceed each of the applicable Service Levels and other requirements set forth in the "Service Levels" Exhibit, subject to the limitations and in accordance with the

provisions set forth in the Agreement, and to standards satisfied by well-managed operations performing services similar to the Services.

- 8.2 In addition to any other right or remedy of Customer at law or in equity, if Supplier fails to provide the Services in accordance with the Service Levels, Customer shall have the right in each such instance (i) to have Supplier apply the resulting Service Level Credits against the fees owed to Supplier [*****], and (ii) to pursue a claim(s) against Supplier for the damages incurred by Customer based on such failure to perform by Supplier for [*****].
- 8.3 Supplier shall perform and deliver to Customer within [*****] of a Service Level Default a root cause analysis for any incident that contributes to the occurrence of a Service Level Default and, shall use Commercially Reasonable Efforts to correct any and all failures causing and/or contributing to the occurrence of a Service Level Default and thereafter satisfy the applicable requirements set forth in the Agreement (including Critical Service Level(s) and Key Measurement(s)). At the request of Customer, and upon any failure to satisfy any Critical Service Level or Key Measurement for any month, Supplier shall: (i) perform an analysis to identify the cause(s) of such failure, (ii) provide Customer with a written report of the results of such analysis and the procedure for correcting the failure, and (iii) keep Customer informed of the status of Supplier's remedial efforts with respect to the failure. Supplier shall provide the required report within 30 days of the applicable Critical Service Level(s) or Key Measurement(s) failure, or within such other timeframe as is reasonably requested by Customer. Supplier shall prepare and deliver to Customer, on a monthly basis, a report describing Supplier's performance of the Services with respect to Supplier's attainment of the Service Levels as set forth in the "Service Levels" Exhibit. Such report shall be delivered to Customer not more than 15 business days following the end of each month.
- 8.4 Subject to Customer's prior approval, Supplier shall implement the necessary measurement and monitoring tools and procedures required to set baseline measurements and to measure and report Supplier's performance of the Services against the Service Levels, Key Measurements and other requirements set forth in the "Service Levels" Exhibit as such standards and levels may be developed, modified and changed during the Term and as the Services may evolve and be supplemented and enhanced during the Term. Such measurement and monitoring shall permit reporting at a reasonable level of detail sufficient to verify compliance with the Service Levels and other requirements set forth in the "Service Levels" Exhibit and application of any attendant Service Level Credits. Supplier shall prepare and maintain detailed records regarding its compliance with the Service Levels and other requirements set forth in the "Service Levels" Exhibit and/or applicable Statement of Work and the determination and application of attendant Service Level Credits, and shall permit Customer and its designees access to all such records for the purposes of performing verifying audits, planning and identifying possible process improvements. Upon request, Supplier shall provide Customer with information and reasonable access to such tools and procedures, and the records relating thereto, for purposes of verification of the reported performance levels.

9. Audit Rights.

- 9.1 **Contract Records.** Supplier shall maintain complete and accurate records of, and supporting documentation for, [*****] created, generated, collected, processed or stored by Supplier in the performance of its obligations under this Agreement ("**Contract Records**"). Supplier shall maintain such Contract Records in accordance with applicable Legal Requirements and the terms of this Agreement. Supplier shall retain Contract Records in accordance with Supplier's record retention policy, but subject to any longer term length in Customer's record retention policy (as such policies may be modified from time to time and provided to Customer or Supplier in writing as the case may be) during the Term and thereafter through the end of the fifth (5th) full year after the year in which Supplier stopped performing any Services (the "**Audit Period**").
- 9.2 **Operational Audits.** Upon reasonable advance notice (which shall be no longer than 48 hours), during the Audit Period, Supplier shall provide to Customer (and internal and external auditors, inspectors, regulators and other representatives authorized by Customer that Customer may designate from time to time (collectively, "**Customer Auditors**"), access at reasonable business

hours and at Customer's expense, to Supplier Personnel, to the facilities at or from which Services are then being provided and to [*****], all to the extent relevant to the Services and Supplier's obligations under this Agreement. Such access shall not be withheld for audits concerning Customer's adherence to regulatory requirements and Supplier's adherence to Legal Requirements. Such access shall be provided for the purpose of performing audits and inspections to (i) verify the integrity of Customer Data, (ii) examine the systems that process, store, support and transmit that data (including system capacity, performance and utilization), (iii) examine the [*****] and the security, disaster recovery and back-up practices and procedures, (iv) examine Supplier's performance of the Services, (v) verify Supplier's reported performance against the applicable Service Levels, (vi) examine Supplier's measurement, monitoring and management tools and (vii) enable Customer to meet applicable legal, regulatory and contractual requirements. Supplier shall (1) provide any assistance reasonably requested by Customer Auditors in conducting any such audit, including installing and operating audit software, (2) make requested personnel, records and information available to Customer Auditors and (3) in all cases, provide such assistance, personnel, records and information in an expeditious manner to facilitate the timely completion of such audit. If an audit reveals a material breach of this Agreement then, without limiting Customer's other remedies under this Agreement Supplier shall promptly reimburse Customer for the actual cost of the auditor, including auditor's fees. During the Audit Period, Supplier shall [*****]; provide to Customer Auditors access at reasonable hours to Supplier Personnel and to Contract Records [*****] to the extent relevant to the performance of Supplier's obligations under this Agreement to (i) verify the accuracy and completeness of Contract Records, (ii) [*****]. If any such audit reveals an overcharge by Supplier, and Supplier does not successfully dispute the amount questioned by such audit, Supplier shall promptly pay to Customer the amount of such overcharge, [*****].

9.3 Customer shall provide Supplier with a full and complete copy of any audit document on which it relies to claim a breach of the Agreement by Supplier drafted by Customer or its representative (excluding Customer's customers) and such audit shall be kept confidential, except to the extent necessary to enforce the terms of this Agreement.

9.4 General Procedures.

9.4.1 Supplier shall make all Commercially Reasonable Efforts to obtain audit rights equivalent to those specified in this Section 9 from all subcontractors and shall cause such rights to extend to Customer Auditors.

9.4.2 In performing audits, Customer Auditors shall endeavor to avoid unnecessary disruption of Supplier's operations and unnecessary interference with Supplier's ability to perform the Services in accordance with the Service Levels.

9.4.3 Customer Auditors shall be given adequate private workspace in which to perform an audit, plus access to photocopiers, scanners, telephones, computer hook-ups and any other facilities or equipment needed for the performance of the audit.

9.5 **Supplier Internal Audit.** If Supplier determines as a result of its own internal audit that it has overcharged Customer, then Supplier shall promptly pay to Customer the amount of such overcharge

9.6 **Supplier Response.** Supplier and Customer shall meet promptly upon the completion of an audit conducted pursuant to this Section 9 (i.e., an exit interview) and/or issuance of an interim or final report to Supplier and Customer following such an audit. Supplier shall respond to each exit interview and/or audit report in writing within thirty (30) days, unless a shorter response time is specified in such report. Supplier and Customer shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns and/or recommendations identified in such exit interview and/or audit report and Supplier, at its own expense, shall undertake remedial action in accordance with such action plan and the dates specified therein to the extent necessary to comply with Supplier's obligations under this Agreement.

9.7 **Supplier Response to External Audits.** If an audit by a governmental body, standards organization or regulatory authority having jurisdiction over Customer or Supplier results in a finding that Supplier is not in compliance with any applicable Legal Requirement or standard, including any generally accepted accounting principle or other audit requirement relating to the performance of its obligations under this Agreement, Supplier shall, at its own expense and within the time period specified by such auditor, address and resolve the deficiency(ies) identified by such audit governmental body, standards organization or regulatory authority to the extent necessary to comply with Supplier's obligations under this Agreement.

10. New Services

10.1 During the Term, Customer may request Supplier to perform one or more New Services. Further, Customer's request for a New Service may include a request for Supplier to correspondingly reduce or eliminate one or more existing elements of the Services then being provided that are being replaced by the New Services. In such event, Supplier shall determine the resources and expenses related to the element or elements of the Services being reduced or eliminated and those required for the New Services being added.

10.2 Customer may engage Supplier to perform additional New Services in the manner set forth below:

10.2.1 Customer may initiate a request for New Services (a "**Request**") by providing such Request in writing to Supplier. Supplier may (except as provided below with regard to Requests pursuant to Section 17.6.1), within the timeframe specified in such Request (which, shall be no longer than thirty (30) days, prepare and deliver to Customer a proposal, that is responsive in all respects to such Request (a "**Proposal**"); provided, however, that Supplier will notify Customer in writing within a reasonable timeframe of receiving a Request if it does not intend to submit a Proposal or would require a longer period of time to prepare the Proposal.

10.2.2 Supplier shall perform all due diligence necessary to provide to Customer a full, complete, and unqualified Proposal. Customer will provide assistance and information as reasonably requested by Supplier.

10.2.3 Once submitted to Customer, a Proposal shall constitute an offer by Supplier to perform the Services on the terms set forth therein and shall be irrevocable for the time period stated in the Proposal or if no time period is stated then ninety (90) days from Customer's receipt of the Proposal unless Customer has begun an active negotiation between the Parties or a counterproposal has been offered, which such period of irrevocability shall continue throughout said negotiations.

10.2.4 Customer shall not be liable for any Supplier charges or costs (including, but not limited to, Supplier's due diligence, preparation, administration, budgeting, design, and performance efforts) relating to a Statement of Work prior to its execution, unless such effort was expressly chargeable under a separate Statement of Work or otherwise agreed between the Parties.

10.3 The Parties acknowledge and agree that the Services will evolve over time and that changes during the Term in functions, responsibilities and tasks, and the method and manner of the delivery of the Services will not be deemed to be New Services, unless the Parties have followed the procedures for authorizing New Services set forth in this Section 10 and have entered into an Amendment to the Agreement as required by Section 41 (Entire Agreement, Updates, Amendments and Modifications) of this Agreement.

10.4 No portion of any Proposal submitted by Supplier to Customer under the terms set forth in Section 10.2 or otherwise shall be considered Company Information of Supplier; provided, however all pricing proposals requested by and provided to the members of Customer Group by Supplier in a written form and marked as confidential shall be kept confidential by the members of Customer Group according to the terms of this Agreement.

11. Charges/Payment

- 11.1 Supplier's fees for each Product and the Services (the "Charges") shall be as set forth in the "Charges" Exhibit or other mutually agreed document between the Parties, subject to adjustment in accordance with any formula(e) or cost index or indices that may be further described and detailed in the "Charges" Exhibit. Customer acknowledges that the fees for each Product under the "Charges" Exhibit were created using Customer provided assumptions, including but not limited to cost of Bill of Materials, product assembly and test cycle times, freight in charges, and annual volumes. In cases where Customer provided assumptions change, Supplier is eligible for an equitable adjustment of pricing to reflect the new assumptions in order to achieve expected margins on the business, and as mutually agreed by both parties' Principle Representative. Supplier shall deliver each Product to Customer at the Charges calculated in accordance with this Section 11.1. For the avoidance of doubt, Customer's End Users will not purchase the Products or bear any payment obligations to Supplier under this Agreement.
- 11.2 Supplier agrees to seek ways to reduce the cost of manufacturing Products by methods such as elimination of components, obtaining alternate sources of materials, redefinition of specifications, and improved assembly or test methods. Customer would receive [****] of any cost reductions identified by Customer. For cost reductions identified through Supplier's internal efforts, the savings will be [****].
- 11.3 Supplier agrees that each of the Charges has been arrived at with the use of Customer provided assumptions under the "Charges" Exhibit, without the purpose of restricting competition and without any consultation, communication, or agreement with any other supplier or any of Supplier's competitors relating to (i) the Charges, or (ii) the methods or factors used to calculate the Charges.
- 11.4 Supplier agrees (i) to render promptly after each delivery of Products a correct and complete invoice to Customer at origin of purchase order, such invoice to include relevant Customer and End User, if applicable and available, Item and Part number(s) and Product code(s) and quantities that apply to such invoice; and (ii) to accept payment by wire transfer or any other method agreed between the Parties.
- 11.5 Payment of all invoices shall be [****] days from date of invoice. The payment terms shall be as set forth on the Cover Page, or if not stated, shall be as specified in the Purchase Order. Customer will not be entitled at any time to set off or recoup against sums payable by Customer to Supplier unless authorized by Supplier.
- 11.6 All Purchase Orders and payments between the Parties shall be made in U.S. dollars, unless otherwise agreed by the Parties. If the Parties agree to make payment in any currency other than U.S. dollars the Parties agree there will be a foreign exchange reconciliation process as: The exchange rate against the U.S. Dollar will be established with the applicable foreign currency on the second Thursday of the last month of each calendar quarter of the FX Period (i.e. March, June, September and December) based on the spot exchange rates published in the Wall Street Journal (spot exchange rate at 5 pm EST from source, e.g. New York closing snapshot), [****] The supplementary invoice or credit for the aforementioned reconciliation should be settled within five (5) days.

12. Taxes

The Charges contained in this Agreement are exclusive of any and all taxes, fees, duties or governmental impositions whatsoever, including, without limitation, any and all customs duties and sales, use, excise, value-added, consumption and similar taxes, that may be levied as a result of the sale or delivery of any Product under this Agreement. Supplier will charge taxes separately on its invoices on all sales for which Customer has not provided valid exemption documentation. Supplier's invoices shall state all applicable taxes, if any, by tax jurisdiction and with a proper breakdown between taxable and non-taxable Products. Supplier assumes responsibility to timely remit all tax payments to the appropriate governmental authority in each respective jurisdiction. Supplier and Customer agree to cooperate to minimize, wherever possible and appropriate, any applicable taxes, and provide reasonable notice and cooperation in connection with any audit. Upon Customer request, Supplier will deliver the appropriate documentation as required

by the corresponding jurisdictional tax laws, within 15 business days from such request. Supplier will reimburse Customer for any claims by any jurisdiction relating to taxes paid by Customer to Supplier; and for any penalties, fines, additions to tax or interest thereon imposed as a result of Supplier's failure to timely remit the tax payment to the appropriate governmental authority in each respective jurisdiction. Supplier shall also reimburse Customer for any claims made by a taxing jurisdiction for penalties, fines, additions to tax and the amount of interest thereon imposed with respect to Supplier's failure to invoice Customer for the correct amount of tax, provided such failure is not the result of Supplier's reasonable reliance on exemption documentation delivered to Supplier by Customer. Supplier shall be responsible for all taxes based upon its personal property ownership and gross or net income.

13. Safety Approval

Supplier will provide all appropriate and required assistance to cause the products to meet and continue to meet the various legal requirements, Underwriters' Laboratories ("UL") and any other applicable industry body standards, and all U.S., federal, state and local governmental regulations applicable to the Products, including, but not limited to: if applicable; Canadian Standards Association ("CSA") and all Canadian federal, provincial and local governmental requirements, including applicable Health Canada regulations for Products to be sold in Canada, if applicable; European Union governmental requirements and directives for Products to be sold in Europe, if applicable; and any other comparable laws and regulations of any country or subdivision thereof to which the Products are intended to be sold to End Users. Any cost related for such assistance, samples and requested changes will be quoted to Customer and mutually agreed prior to providing such service.

14. Legal Requirements

14.1 Supplier shall apply for and obtain any and all licenses, permits, approvals, and other authorizations from, and shall make all filings, notifications, and registrations with, all governmental and industry authorities and agencies as are necessary or appropriate in relation to the performance of the Services and Supplier's manufacturing operations. Any and all certifications or compliance requirements that are unique to the Products (and which are not applicable to a manufacturer generally) will be identified to Supplier by Customer in the Specifications or Customer Compliance Policies. Supplier shall also, with Customer's approval, and at Customer's expense, modify the Services pursuant to the Change Control Process and in a timely manner as necessary to conform to any changes to such Product specific requirements. Supplier further represents, warrants and covenants that it shall strictly comply, with all laws, rules, regulations, policies, procedures, standards and orders, of whatever kind and nature of all applicable governmental and industry bodies, now or hereafter in effect, applicable to Supplier's, and/or any of its subcontractors' in its and/or their capacity as a subcontractor to Supplier, in providing the Services provided hereunder and/or (ii) applicable to corporations generally (e.g., environmental laws), (collectively, the "**Legal Requirements**"), and that it shall pay all fees and other charges that may be required in order to comply with all such laws, rules, regulations, policies, procedures, standards and orders. Supplier acknowledges receipt of and agrees to strictly adhere to Customer Compliance Policies, including without limitation, the NCR Supplier Quality Manual, each as amended from time to time, which are incorporated herein in its entirety by this reference. Supplier shall execute and deliver the certificate within the "Customer Policy Compliance Certificate" Exhibit simultaneously with the execution of this Agreement.

14.2 In no event will Supplier employ oppressive child labor or engage in oppressive industrial home work. Customer reserves the right to investigate any potential violation of law or this provision in accordance with Section 9. This right to investigate includes, but is not limited to, the right of Customer, or its representatives or customers, to inspect, without prior notice, Supplier's manufacturing facilities to ensure compliance with this Section 14.

14.3 In the event that Supplier is notified (by the applicable governmental or industry body or by Customer) that Supplier is not in compliance with any Legal Requirement relating to the performance of its obligations under this Agreement, then Supplier shall notify Customer and, at its sole expense and within whatever time period is specified by any applicable governmental or industry body or, if none,

promptly comply with such Legal Requirement. Further, Supplier must notify Customer of any inspections of its facilities, equipment, or personnel by any governmental or industry body and must provide Customer with a copy of the results of any such inspection and of any corrective action required or recommended by such body, within a reasonable time period of having received such results and requirement or recommendation.

- 14.4 Customer shall have the right to request test reports and documentation to ensure compliance with this Section 14. Customer may require additional reports, conduct audits and/or request adequate assurances from Supplier if at any time thereafter Customer has a reasonable belief that Supplier is noncompliant with this Section 14. Such audits or inspections shall be conducted in accordance with Section 9.
- 14.5 Customer will indicate in the Specifications where Product or Material must comply with particular country federal, state and other governmental regulations in effect at the time of manufacture, including without limitation the 1990 Clean Air Act, CTPAT, RoHS, WEEE, and FCC regulations, and will provide Specifications that comply with such regulations. Supplier will use specified Material which meets the Specifications and assemble the Product in accordance with Specifications. Where Supplier knows or suspects that parts or Material being produced by a materials vendor that provided Supplier or Customer with a certification of compliance with any regulatory obligation does not meet such certification standards, Supplier will immediately inform Customer.
- 14.5.1 **"Materials Declaration Requirements"** means any requirements, obligations, standards, duties or responsibilities pursuant to any environmental, product composition, ecodesign (Directive 2009/125/EC), energy use, energy efficiency and/or materials declaration laws, directives, or regulations, including international laws and treaties regarding such subject matter; and any regulations, interpretive guidance or enforcement policies related to any of the foregoing.
- 14.5.2 Where Customer notifies Supplier in writing, including by inclusion in the Specifications, that the Product is subject to Materials Declaration Requirements, Supplier will procure only Materials for which Supplier's vendor has submitted a Materials Declaration and properly labeled in accordance with the Materials Declaration Requirements. Where Customer has indicated the use of Approved Vendors (as defined in Exhibit 3), Supplier agrees to procure Materials from such providers or secure Customer's written approval to procure Materials from an alternative source. It is accepted and agreed that for Materials:
- 14.5.2.1 Customer is responsible for notifying Supplier in writing of the specific Materials Declaration Requirements that Customer determines to be applicable to the Product and shall be solely liable for the adequacy and sufficiency of such determination;
- 14.5.2.2 The compliance of the Products with Materials Declaration Requirements is the responsibility of Customer;
- 14.5.2.3 Customer is ultimately and solely responsible for ensuring that any Materials used in the Products, the Product itself, are compliant with applicable Materials Declaration Requirements;
- 14.5.2.4 Where Supplier uses a Materials vendor which is not an Approved Vendor and which vendor does not directly certify compliance with the Materials Declaration Requirements, Supplier will request such certification from the vendor. To the extent that the vendor refuses to provide Supplier with such certification, Supplier will inform Customer to allow Customer the opportunity to select a different vendor.
- 14.5.3 Supplier represents and warrants that (i) Supplier shall comply with all Legal Requirements regarding the handling, labeling, packing, transportation, processing, use and/or disposal of hazardous materials, including lithium batteries, and (ii) Supplier has provided its personnel with sufficient training on the handling, labeling, packing, transportation, processing, use and disposal of hazardous materials that are an ingredient or a part of the

Products, including lithium batteries, in order for Supplier and its personnel to exercise that measure of care and precaution that will comply with any applicable Legal Requirements and prevent bodily injury or property damage in the handling, labeling, packing, transportation, processing, use and/or disposal of the Products, containers and packaging. In addition, Supplier represents and warrants that Supplier shall provide any special handling instructions as may be necessary to advise logistics providers, and handlers of the Products and their personnel of how to comply with any applicable Legal Requirements and prevent bodily injury or property damage in the handling, labeling, packing, transportation, processing, use and/or disposal of the Products, containers and packaging.

15. Facility Inspection

- 15.1 Supplier agrees to allow Customer's representatives or their authorized agents or End Users, upon reasonable advance notice, during regular business hours and at its expense to enter Supplier's premises to inspect the premises, the manufactured Products, and the means for manufacturing Products, including, but not limited to, all reasonably requested [*****]. Supplier is responsible for correcting any deficiencies identified by Customer's inspection prior to the production and delivery of the Products. Customer shall cause each of its employees, agents and authorized representatives who have access to Supplier's facilities, to maintain, preserve and protect all Confidential Information of Jabil and the confidential or proprietary information and technology of Supplier's other customers.
- 15.2 Notwithstanding any of Customer's other rights, Customer reserves the right to cease doing future business with Supplier if Supplier unreasonably refuses to allow inspection of its facilities.
- 15.3 Not less than once a year, upon Customer's request, Supplier shall provide a copy of its financial statements to Customer. Financial statements shall mean Supplier's income statement, balance sheet and cash flow statement. Financial statements must be audited by an independent third party accountant and shall be in compliance with local accounting rules or Generally Accepted Accounting Principles (GAAP) as used in the United States. The third party auditor must provide an unqualified opinion of the financial statements and such opinion shall be included with the financial statements delivered to Customer. The financial statements shall be created or translated into English and all amounts must be in United States Dollars.

16. Services Warranty

- 16.1 Supplier expressly represents and warrants to Customer, for a period of [*****] ("**Warranty Period**") of the date of Delivery, that the Products shall be free from defects in workmanship measured by [*****] and any other standard agreed in the "Statement of Work - Manufacturing Services and Specifications"; and that the Products from delivery shall strictly conform to the Specifications ("**Services Warranty**") furnished to or by Customer.
- 16.1.1 Supplier shall diligently and continuously improve the performance and delivery of the Services and the elements of the policies, processes, procedures and systems that are used to perform and deliver the Services, subject to the approval of Customer in accordance with the Change Control Process. From time to time, Customer may request that Supplier work together with Customer and/or Third Parties to identify ways to achieve reductions in the cost of delivering the Services and corresponding reductions in the Charges. If so requested, Supplier will, at its own expense, promptly prepare and deliver to Customer, within 60 days, a detailed written proposal identifying all viable means of achieving the desired reductions without, to the extent practically possible, adversely impacting business objectives or requirements identified by Customer. Customer will not be obligated to accept or implement any such proposal.
- 16.1.2 Supplier will (i) provide the Services using technology and processes as specified in the "Statement of Work - Manufacturing Services and Specifications" Exhibit, and will recommend periodically to Customer technology and processes at or above a level current with the technology and processes that Supplier implements for its customers for which it provides similar services and at least comparable to the level of technology and processes

generally adopted from time to time in the manufacturing industry for provision of similar services; (ii) keep knowledgeable about changes and advancements over time in the technology and processes necessary to improve operating and cost efficiencies for the Services; and (iii) in performing the Services, utilize processes, toolsets, procedures and practices that are consistent with the best practices it utilizes in performing services similar to the Services for its other customers, which practices will, at a minimum, be consistent with the best practices of similarly situated providers offering similar services within the manufacturing industry.

- 16.1.3 Supplier will ensure that it follows the applicable processes required by the Specifications and I [****] to avoid the introduction of any Harmful Code in the Products, Materials or the information technology systems of Customer or Supplier, where "Harmful Code" means any program, routine, device or other undisclosed feature, including a virus, worm, Trojan horse, malicious logic or trap door, that is designed to delete, disable, interfere with, otherwise harm, or provide unauthorized access to the Product or any End User's hardware, data or programs, or that is intended to produce modifications not authorized by Customer, and will immediately notify Customer upon discovery of any Harmful Code that is (or is reasonably suspected to be) present in a Product and cooperate with Customer to take immediate action (at Supplier's expense) to identify and eradicate (or to equip Customer and all affected End Users to identify and eradicate) such Harmful Code and carry out any recovery necessary to remedy any impact of such Harmful Code.
- 16.2 When Supplier purchases or procures any Third Party products or services for Customer in connection with the provision of the Services, in addition to the foregoing representations, warranties and covenants, Supplier shall pass through or assign to Customer the rights Supplier obtains from the manufacturers and/or vendors of such products and services (including warranty and indemnification rights) as required by the Minimum Contractual Requirements, unless Supplier obtains Customer's express written waiver.
- 16.3 Supplier warrants and represents that its manufacturing techniques do not employ any unlicensed process that is claimed in a valid and subsisting patent.
- 16.4 Supplier warrants that all Products supplied hereunder shall be free and clear of all liens and other adverse claim against title and possession caused by Supplier or subcontractors.
- 16.5 Supplier will work together with Customer to establish returned product services, to be added to this Agreement as Support Services Exhibit that may include (but not limited to): (1) In-warranty repair, (2) out of warranty repair, (3) product upgrades, (4) field service spares depoting, (5) stock rotation programs, (6) and failure analysis. The specific scope of work and service levels for these service, as well as the pricing of these shall be mutually agreed between the parties in a separate Agreement.
- 16.6 An "**Epidemic Failure**" is defined as the occurrence of multiple failures of the same component, subassembly, feature, software (for example; processor, memory device, power supply, hard drive, mechanical assembly, processor board, software, etc.), that exhibit a common root cause to the extent that such failures occur in the greater of [****] in any Lot. A "**Lot**" means a specific quantity of Product that is (i) produced under uniform conditions and series of operations, or (ii) produced according to a single manufacturing order or Product model.
- 16.6.1 In the event of Epidemic Failure caused by failures of Materials supplied by suppliers other than a Third Party Contract, Supplier will pass through to Customer the rights and remedies as provided in the applicable Third Party Contract, if any, with the supplier of the failed Materials and provide Customer reasonable assistance in exercising such rights and remedies. [****]
- 16.6.2 Customer may notify Supplier that an Epidemic Failure has occurred. Such notice will include a description of the nature of the failure and other supporting data. Supplier will be responsible for all costs of implementing the FRO (whether inside or outside of any warranty

period) including (a) replacement parts, materials, sub-assemblies or supplies; (b) technical support labor costs in handling customer calls; (c) on-site service labor in replacing all Products within the Lot(s); and (d) all packaging, shipping and handling costs to and from Customer and warehouse locations and Supplier's repair facility. "FRO" means the detailed plan which is established by the Parties and implemented for the purpose of remedying an Epidemic Failure or a safety/ hazard situation, including at end-user sites, in plants and in warehouses, if applicable. The FRO plan generally will include a process and repair method for deploying and implementing the repair and or replacement of all affected Products in the Lot(s) and the estimated costs to deploy the fix dependent on the quantity of affected Product. The FRO will be applicable for all Products within the relevant Lot(s) unless and to the extent Supplier can establish that specific Products within the Lot(s) are not affected by the root cause. In addition to the foregoing, Supplier will, at Customer's option, appoint a senior level representative to coordinate a joint root-cause analysis and cooperate with Customer in the development of the FRO. If it is determined based on a joint root cause analysis that the Epidemic Failure was the result of a Defect, Supplier shall determine the scope of potentially affected Products, sort and inspect affected Products as appropriate; and to the extent the affected Products are still covered by the Warranty under Section 16.1:

16.6.2.1 repair/replace affected Products at Supplier's cost; and

16.6.2.2 reimburse Customer's actual costs to replace or rework the Product at Customer's facilities or at customer sites up to [****] of the price of the affected Products.

16.7 Where the Epidemic Failure is not the result of a Defect, Supplier will work with Customer to pursue remedy from the vendor to Supplier and where possible assign Supplier contract rights to Customer. To the extent such Epidemic Failure is attributed to Customer, its design or Specifications, Customer shall reimburse Supplier for all actual and directly associated costs of its repair/replacement, root cause identification, sorting and inspecting activities undertaken at the instruction of Customer. Once the source of the failure has been established, Supplier will correct the cause on all Products to be shipped thereafter.

16.8 OTHER THAN CUSTOMER'S TERMINATION RIGHTS UNDER SECTION 25.4, [****] FOR A BREACH OF THE SERVICES WARRANTY MADE BY SUPPLIER IN SECTION 16.1. THE WARRANTIES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF, AND JABIL EXPRESSLY DISCLAIMS, AND COMPANY EXPRESSLY WAIVES, ALL OTHER WARRANTIES AND REPRESENTATIONS WHETHER EXPRESS, IMPLIED, STATUTORY, ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR OTHERWISE, INCLUDING COMPLIANCE WITH MATERIALS DECLARATION REQUIREMENTS, ANY MATERIAL WARRANTY, ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT OR MISAPPROPRIATION OF ANY RIGHT, TITLE OR INTEREST OF COMPANY OR ANY THIRD PARTY. NO ORAL OR WRITTEN STATEMENT OR REPRESENTATION BY SUPPLIER, ITS AGENTS OR EMPLOYEES SHALL CONSTITUTE OR CREATE A WARRANTY OR EXPAND THE SCOPE OF ANY WARRANTY HEREUNDER.

16.9 SUPPLIER'S WARRANTY IN SECTION 16.1 SHALL NOT APPLY TO ANY DEFECT CAUSED BY MISHANDLING, ACCIDENT, MISUSE, NEGLIGENCE, IMPROPER TESTING, IMPROPER OR UNAUTHORIZED REPAIR, OR ALTERATION, NOT IN ACCORDANCE WITH THE SPECIFICATIONS, PROCESS, TESTING OR OTHER PROCEDURE, ADJUSTMENT OR MODIFICATION SUPPLIED AND/OR REQUIRED BY CUSTOMER (UNLESS SUCH DEFECT WAS CAUSED BY SUPPLIER OR ITS EMPLOYEES OR SUBCONTRACTORS).

17. General Warranties/Representations/Covenants

17.1 Work Standards

17.1.1 Supplier represents, warrants, and covenants that (i) it and each of its employees and subcontractors and subcontractor employees that it will use to provide and perform the

Services has, and during the Term will have, the necessary knowledge, skills, experience, qualifications and resources to provide and perform the Services in accordance with the Agreement; (ii) it has successfully provided and performed the Services or services that are substantially similar to the Services for other customers of Supplier; (iii) Supplier Services Locations, the systems, the Key Supplier Personnel and the other resources that will be used by Supplier to perform and provide the Services are and will continue to be sufficient to enable Supplier to perform and provide the Services in accordance with the Agreement; and (iv) the Services shall be performed for Customer Group in a skillful, diligent and workmanlike manner in accordance with first tier industry standards.

17.2 Authorization and Enforceability

Each Party hereby represents and warrants that:

- 17.2.1 it has all requisite corporate power and authority to enter into, and fully perform pursuant to, the Agreement;
- 17.2.2 the execution, delivery and performance of the Agreement and the consummation of the transactions contemplated hereby have been duly and properly authorized by all requisite corporate action on its part and shall not result in a breach of any term or provision of, or constitute a default under, any charter provision or by-law, agreement (subject to any applicable consent), order, law, rule or regulation to which such Party is a party or that is otherwise applicable to such Party; and
- 17.2.3 the Agreement has been duly executed and delivered by such Party.

17.3 Efficiency and Cost Effectiveness

- 17.3.1 Supplier covenants (a) to efficiently administer, manage, operate and use the resources employed by Supplier to provide and perform the Services that are chargeable to Customer under the Agreement; (b) to diligently and regularly improve the performance and delivery of the Services by Supplier and the elements of the policies, processes, procedures and systems that are used by Supplier to perform and deliver the Services, including, without limitation, re-engineering, tuning, optimizing or reconfiguring the processes, procedures and systems used to perform, deliver and track the Services; and (c) to perform the Services in a cost-effective manner consistent with the required level of quality and performance.

17.4 Omitted

17.5 Supplier Inducements

- 17.5.1 Supplier represents, warrants, and covenants that it has not violated, and shall not violate, any applicable laws or regulations or any Customer policies of which Supplier has been given notice regarding the offering of unlawful inducements in connection with the Agreement.

17.6 Compliance with Customer Laws, Regulations and Policies

- 17.6.1 Supplier shall, upon the written request of Customer, promptly conform the Services to any changes in law, regulation, order and/or judgment applicable to the receipt and use of the Services by Customer Group in their respective operations and businesses. Supplier's compliance with such additional, modified or amended requirements may constitute a part of the Services, subject to the Change Control Process or New Services as determined pursuant to Section 9; provided, however, compliance by Supplier with any such additional, modified or amended requirements shall not be considered a New Service unless such additions, modifications, or amended requirements are naturally different from, or are material additions to, the additions, modifications and enhancements made by Supplier to services of the same general type as provided by Supplier to any third party.

17.6.2 If Supplier determines that the performance of the Services requires an interpretation of any aspect of Customer Compliance Policies, or Customer Governmental Orders/Judgments or the Procedures Manual (an "**Interpretative Issue**"), Supplier shall present to Customer compliance officer or his/her designee for such purpose, in writing the factual scenario in issue for resolution. Customer compliance officer or his/her designee, shall as soon as practical instruct Supplier in writing with respect to each such Interpretative Issue so presented to him/her, and Supplier is authorized to act and rely on, and shall promptly implement such Customer instruction(s) in the performance and delivery of the Services. All Customer interpretative responses regarding Interpretative Issues shall be deemed Customer Compliance Policies, or Customer Governmental Orders/Judgments or a part of the Procedures Manual, as applicable.

17.7 Covenant of Cooperation and Good Faith

17.7.1 The Parties shall timely, diligently, in good faith and with Commercially Reasonable Efforts cooperate with each other, with due consideration of the goals, objectives and purposes of the Agreement, to facilitate the performance of their respective duties and obligations set forth in the Agreement and to reach agreement with respect to matters left for further review, consideration and/or negotiation and agreement by the Parties as specifically set forth in the Agreement.

17.8 Absence of Litigation

17.8.1 Supplier represents and warrants that as of the Effective Date and as of the Commencement Date for any Statement of Work, no claim, litigation, proceeding, arbitration, investigation or material controversy is pending, or to its knowledge, has been threatened or is contemplated, which could have a material adverse effect on Supplier's ability to enter into the Agreement or perform and provide the Services in accordance with the Agreement.

17.9 Personnel Qualifications

17.9.1 Supplier shall not, and shall cause its subcontractors not to, assign any person to perform the Services (i) who does not possess the educational, training and other qualifications (including physical and mental capacity) to perform the essential functions of all assigned duties, with or without reasonable accommodation, (ii) who poses a significant risk to the health, safety or welfare of any person at Customer Group premises that cannot be eliminated by reasonable measures, or (iii) who cannot establish eligibility for employment according to applicable laws, or whom Supplier and/or any of its subcontractors suspects may not be authorized to work in the jurisdiction where the work is performed. Supplier shall, and shall cause its subcontractors to, use reasonable efforts to ensure the continuity of all personnel in providing the Services.

17.9.2 To the fullest extent permitted by applicable law or government regulation, Supplier shall conduct (or require to be conducted) a background check for criminal convictions and a drug test as the minimum pre-engagement assessments for all of Supplier Personnel assigned to provide Services to, for, or at Customer, and not permit such Supplier Personnel to have access to Customer's Confidential Information, facilities, or information technology networks if such individual (i) has been convicted of a felony crime or has agreed to or entered into a pretrial diversion or similar program in connection with a felony crime, or (ii) uses illegal drugs prior to allowing any of its employees to work on or around Customer Group property or facilities or any access to Customer Data.

17.10 No Solicitation

17.10.1 During the Term of the Agreement and for a term of one year after the date Supplier ceases to provide the Services, but subject to Section 17.10.2 below, neither Supplier will, directly or indirectly, solicit or hire any of the employees of any member of Customer or other Party

(including Customer Group), other than the Affected Employees as contemplated by the Agreement or as otherwise approved in writing in advance by Customer.

17.10.2 Supplier may make general solicitations to the public (including solicitations by way of job-posting websites) or solicitations by a retained third party so long as the third party is not directed by Supplier soliciting Party or one of their Affiliates to make such solicitation to Customer or other Party's employees to which the limitations of Section 17.10.1 above apply, and may hire any such person that responds to such a solicitation.

17.11 Export; Immigration

17.11.1 The Parties acknowledge that any products, software, data, and technical information (including, but not limited to services and training) provided by Customer Group to Supplier and its subcontractors or by Supplier to Customer Group under the Agreement may be subject to U.S. export laws and regulations and any use or transfer of such products, software, and technical information must be authorized under those regulations. Each Party agrees that it will not use, distribute, transfer, or transmit any products, software, data, or technical information (even if incorporated into other products) in violation of U.S. export laws and regulations. Neither Party will directly "export" or "reexport" software or "technical data" or other data disclosed to it by the other Party or the direct product of such software or "technical data" or other data to any country, or citizen or resident of any country, prohibited by U.S. export laws or any other applicable laws. Similarly, neither Party will act with the intention of circumventing applicable US export laws and regulations, and neither party will be responsible for the actions by the other Party when that Party does not know or have reason to know that the other Party engaged in a prohibited activity. The Party providing the products, software, data or technical information that will be imported/exported into and from any countries pursuant to the Agreement shall make the determination of the applicable and requisite import/export restrictions and requirements and shall provide reasonable notice of any such restrictions and requirements to the other Party, with which such restrictions and requirements the other Party shall comply. Any change in the manner or method by which the Services are performed or provided as a result of such restrictions and requirements shall be addressed in accordance with the Change Control Process as set forth in Section 30.4 (Approval of Changes; Change Control Process) of this Agreement.

17.11.2 Supplier shall, at its cost and expense, to (i) obtain all necessary passports, visas and other immigration documents for its and shall cause subcontractors and employees and agents to enter and/or exit, and perform the Services in, the United States and/or any other jurisdiction required pursuant to the Agreement, (ii) perform all related actions necessary for its employees and agents to enter, and perform the Services in, the United States and any other jurisdiction required pursuant to the Agreement, and (iii) otherwise comply with all applicable laws and regulations relating to immigration in such jurisdiction(s).

17.11.3 In performing the Services under the Agreement, Customer will provide Supplier with ECCNs for any products, software and/or technology which may be subject to export controls and Supplier will ensure that neither it nor any subcontractor employs or utilizes any individual who is (i) listed on the Specially Designated Nationals and Blocked Persons list, promulgated by the U.S. Department of Treasury, Office of Foreign Assets Control (as amended from time to time); or (ii) a foreign national of (A) a country listed in Country Group E:1 of Supplement No. 1 to Part 740 of the Export Administration Regulations promulgated by the U.S. Department of Commerce, Bureau of Industry and Security (as amended from time to time), or (B) a country not listed in Country Group B of such Supplement.

17.12 Corporate Social Responsibility

17.12.1 Supplier represents, warrants and covenants that Supplier, and Supplier's facilities at which the Services will be performed, comply, and during the Term will comply, with the NCR

Supplier Code of Conduct found at the following site: <http://www.ncr.com/company/suppliers/manuals-forms-and-templates> .

17.12.2 Supplier will maintain on file all documentation needed to demonstrate compliance with the NCR Supplier Code of Conduct and shall make such documents available for Customer and its auditors with or without prior notice. Supplier will publicize to its employees and enforce a non-retaliation policy that permits Supplier's employees to speak with Customer and Customer Auditors regarding working conditions without fear of retaliation by Supplier or Supplier's management.

18. Competitive Restrictions

18.1 [****] Supplier shall also comply with the additional security procedures set forth in the "Special Safeguards for Competitive Security" Exhibit.

19. Indemnities

19.1 **Supplier Indemnity Obligations.** Supplier will indemnify, defend and hold harmless Customer and the other members of Customer Group, its and their Affiliates, and their respective current, future and former officers, directors, employees, successors and assigns of each of the foregoing, and each of the foregoing persons or entities (the "**Customer Indemnitees**"), from and against any and all Losses incurred by any of them resulting from, in connection with, or based on any allegation relating to the following:

- 19.1.1 all Claims for bodily injuries, death or damage to tangible personal or real property to the extent caused by the [****];
- 19.1.2 all Claims that any (i) [****] or (ii) manufacturing, assembly, or supply processes used under this Agreement by Supplier [****] infringes or misappropriates any Intellectual Property Right of a Third Party; provided, however, (a) Supplier shall have no liability or obligation to any of the Customer Indemnitees under (ii) of this Section where the manufacturing, assembly, or supply processes was specified in the Specifications or the NCR Supplier Quality Manual and the following of such specification by Supplier or any of its subcontractors in and of itself resulted in the infringement or misappropriation of such Intellectual Property Right; and (b) Supplier shall have no liability or obligation to any of the Customer Indemnitees under (iii) of this Section except where [****].
- 19.1.3 all Claims arising from a violation of any [****] by Supplier [****];
- 19.1.4 all Claims arising from the [****] of Supplier [****];
- 19.1.5 all Claims for Supplier's tax liabilities arising from Supplier's provision of Services, as set forth in Section 12 (Taxes); and
- 19.1.6 all Claims arising out of or resulting from Supplier's and/or its subcontractors' breach of Supplier's obligations under Section 24 (Confidentiality and Data);

19.2 **Indemnity by Customer.** Customer will indemnify, defend and hold harmless Supplier and its Affiliates, and the respective current, future and former officers, directors, employees, successors and assigns of each of the foregoing, and each of the foregoing persons or entities (the "**Supplier Indemnitees**"), from and against any and all Losses incurred by any of them resulting from, in connection with, or based on any allegations relating to the following:

- 19.2.1 all Claims for bodily injuries, death or damage to tangible personal or real property to the extent caused by the [****];
- 19.2.2 all Claims that the Product, or Specifications, NCR Supplier Quality Manual, or Customer Supplied Software supplied by Customer to Supplier in connection with the Services (collectively, "Customer Items") infringes or misappropriates any Intellectual Property Right of a Third Party; [****].

- 19.2.3 all Claims arising out of or related to the [****] of Customer Group [****];
- 19.2.4 all Claims for Customer Group's tax liabilities as set forth in Section 12 (Taxes); and
- 19.2.5 all Claims arising out of or resulting from Customer's and/or its representatives' breach of Customer's obligations under Section 24 (Confidentiality and Data).

19.3 Indemnification Procedures

- 19.3.1 An indemnified Party under this Section 19 shall promptly notify the indemnifying Party of any Claim with respect to which it seeks indemnity under this Section 19. An indemnifying Party may participate, at its own expense, in the defense of such Claim. If it so elects within a reasonable time after receipt of such notice, an indemnifying Party may, except as provided in the immediately following sentence and the last sentence of this paragraph, assume the defense of such Claim, with counsel reasonably satisfactory to the indemnified Party to represent the indemnified Party and any others the indemnifying Party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified Party shall have the right to retain its own counsel, but the fees and expense of such counsel shall be at the expense of such indemnified Party unless (i) the indemnifying Party and the indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named Parties to any such proceeding (including any impleaded parties) include both the indemnifying Party and the indemnified Party and representation of both Parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is agreed that the indemnifying Party shall not, in respect of the legal expense of any indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. The indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there is a final judgment for the plaintiff, the indemnifying Party agrees to indemnify the indemnified Party from and against any Loss by reason of such settlement or judgment. No indemnifying Party shall, without the prior written consent of the indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified Party is or could have been a party and indemnity could have been sought hereunder by such indemnified Party (i) if such settlement involves any form of relief other than the payment of money or any finding or admission of any violation of any law, regulation or order or any of the rights of any person or has any adverse effect on any other Claims that have been or may be made against the indemnified Party, or (ii) if such settlement involves only the payment of money, unless it includes an unconditional release of such indemnified Party of all liability on claims that are the subject of such proceeding. An indemnified Party may assume control of the defense of any Claim if (i) it irrevocably waives its right to indemnity under this Section 19, or (ii) without prejudice to its full right to indemnity under this Section 19 (A) the indemnifying Party fails to provide reasonable assurance to the indemnified Party of its financial capacity to defend or provide indemnification with respect to such Claim, (B) the indemnified Party determines in good faith that there is a reasonable likelihood that a Claim would materially and adversely affect it or any other indemnitees other than as a result of monetary damages that would be fully reimbursed by an indemnifying Party under the Agreement, or (C) the indemnifying Party refuses or fails to timely assume the defense of such Claim.
- 19.3.2 An indemnifying Party required to provide an indemnity to an indemnified Party under this Section 19 shall have no obligation for any Claim under this Section if: (i) the indemnified Party fails to notify the indemnifying Party of such Claim as provided above, but only to the extent that the defense of such Claim is prejudiced by such failure; (ii) the indemnified Party fails to tender control of the defense of such Claim to the indemnifying Party as provided in

this Section 19.3; or (iii) the indemnified Party fails to provide the indemnifying Party with all reasonable cooperation in the defense of such Claim (the cost thereof to be borne by the indemnifying Party).

20. Liability

20.1 Liability Caps. Except as provided in Section 20.2**Error! Reference source not found.** (Exclusions and Exceptions), the liability of Supplier to Customer Group, under the Agreement arising out of or resulting from the performance or non-performance of their respective obligations pursuant to the Agreement shall be limited in the aggregate for all claims:

20.1.1 to an amount not to exceed [****] immediately preceding each claim, or if [****] in the Term at the time of a claim, [****] (the "**Liability Cap**"). For the avoidance of doubt, the amount available for a particular claim shall be determined as follows: (Liability Cap) minus (the total of all payments previously made by the Party against whom the claim is made with respect to claims subject to the limitations set forth in this Section 20.1, equals (the maximum amount available for such claim); and

20.1.2 to Direct Damages.

20.1.3 Neither Party shall have any liability to the other Party or any third-party beneficiary claiming under the Agreement for special, indirect, consequential or exemplary damages, including lost profits.

20.2 Exclusions and Exceptions

20.2.1 The following damages, recoveries and payments shall not be subject to the damages cap set forth in Section 20.1 (Liability Caps):

(i) [****];

(iii) [****];

(iv) [****];

(v) [****];

(vi) [****];

(vii) [****];

(viii) Damages arising out of or resulting from a breach by either Party and/or their contractors and/or subcontractors of Section 24 (Confidentiality and Data); and

(ix) [****].

20.2.2 The following specified damages shall not be subject to the limitations on types of damages recoverable by Supplier and Customer Group in Section 20.1.3:

(i) Accrued but unpaid Fees for the Services through the last date on which the Services are provided by Supplier;

(ii) [****];

(iii) [****];

(iv) [****];

(v) [*****];

(vi) Damages arising out of or resulting from a breach by either Party and/or their contractors and/or subcontractors of Section 24 (Confidentiality and Data); and

(vii) [*****].

20.3 Direct Damages.

“**Direct Damages**” mean actual, direct damages incurred by the claiming entity directly and naturally resulting from or arising out of a breach of the Agreement. For the purposes of the Agreement and notwithstanding Section 20.1.3, for the purposes of this Agreement the following are deemed to be “Direct Damages” [*****].

21. Insurance

21.1 Supplier shall, at its own cost and expense, during the term of this Agreement (and if coverage is on a “Claims Made” form, then a policy must be maintained, for a period of 6 years after the date of Supplier’s last shipment of Products under this Agreement), purchase and maintain commercial general liability and product liability insurance written by an insurer acceptable to Customer and which is licensed to conduct business in the United States. Such insurer shall have a minimum A.M. Best Rating of A-VII or a minimum Standard & Poor’s rating of A.

21.2 Supplier’s commercial general liability and product liability insurance shall be written on an occurrence form with minimum policy limits of not less than [*****], combined coverage of personal injury, bodily injury, property damage, completed operations/product liability and contractual liability, per occurrence and shall include the following extensions: (i) Blanket contractual coverage, (ii) A severability of interest clause and (iii) Worldwide coverage territory. If Supplier is a non-US entity, coverage shall extend to suits and/or claims made in the United States of America.

21.3 All of Suppliers insurance deductibles, self-insured exposures, uninsured, or underinsured exposures are at Supplier’s risk and are for Supplier’s account.

21.4 Customer may access Supplier’s certificates of insurance evidencing the coverages and minimum limits set forth in this Section 21 at any time, during the term of this Agreement, through the following portal: [*****]. Failure of Supplier to secure the required coverages and minimum limits, or the failure to supply certificates of insurance properly evidencing such coverages and minimum limits shall in no way relieve Supplier from its obligations herein. Notwithstanding the foregoing, however, Customer shall be under no duty to examine such certificates or other evidence of insurance, or to advise Supplier in the event that its insurance is not in compliance with this Agreement, nor shall Supplier’s purchase of appropriate insurance coverage or the furnishing of certificates of insurance release Supplier from its obligations or liabilities under this Agreement.

21.5 Supplier’s commercial general liability insurance policy shall name Customer, its parent, subsidiaries and affiliated entities and their respective officers, directors, employees, stockholders, and agents as additional insureds.

21.6 Except for Worker’s Compensation, Employer’s Liability, Errors and Omissions, and employee dishonesty insurance, all of Supplier’s insurance required in this Section 21 shall be primary to, and shall receive no contribution from any other insurance maintained by, on behalf of, or benefiting Customer, its parent, subsidiaries and affiliated entities, and their respective officers, directors, employees, and stockholders; but only to the extent of Supplier’s contributory negligence.

21.7 Customer, in its sole discretion, reserves the right to require additional coverage from time to time which may be reasonable considering the use of the Products and the area in which they are distributed.

21.8 Supplier's obligations under this Section 21 shall survive termination or expiration of this Agreement.

22. Tooling

22.1 Customer at its own expense shall furnish and replace when necessary all Product specific tools, dies, molds, fixtures, equipment, and other items necessary, as listed in the applicable Exhibit to the Statement of Work - Manufacturing Services and Specifications Exhibit (the "**Customer's Tools**"). Excluding Customer's Tools, Supplier at its own expense shall furnish, keep in good condition, and replace when necessary all tools, dies, molds, fixtures, equipment, and other items necessary, if any, for the production and manufacturing Services ("Equipment") and shall insure them with full fire and extended coverage insurance for the replacement of such.

22.2 All Customer's Tools shall be and remain the property of Customer. Customer's Tools shall at all times be properly housed and maintained by Supplier and shall not be used by Supplier for any purpose other than the manufacture of Products to be sold to Customer under this Agreement. No charge will be made by NCR for the Customer Tools but during the period it is on issue to Supplier, Supplier shall be responsible to the full replacement value for all loss or damage incurred and will keep the Customer Tools insured at the Supplier's expense against any loss or damage, and in an amount equal to the replacement cost thereof, with loss payable to Customer. All such Customer Tools belonging to Customer shall be marked as such, and shall appear as such in Supplier's records. No such Customer Tools shall be altered or modified without the prior written permission of Customer.

22.3 Customer shall have the right to enter onto Supplier's premises with reasonable advance notice to inspect Customer's Tools and Supplier's records with respect to such Customer's Tools. At Customer's request, all such Tools shall be marked or labeled to identify them clearly as Customer's.

22.4 Upon the request of Customer, Supplier shall immediately release such Customer's Tools to Customer and shall transport and deliver such Customer's Tools at Customer expense to the destination as specified by Customer, by such means and method as Customer shall specify. In such case, Customer's Tools shall be properly packed and marked in accordance with the requirements of the carrier selected by Customer to transport such property.

23. Restrictions of Trademark and Design

23.1 Supplier acknowledges that Customer or its subsidiaries is the owner of all Customer rights in any and all trade names, trademarks, logos, brand names, model names and other identifying markings which may be applied to the Products or which Customer may notify Supplier of in the future ("**Trademarks**") and that Customer has the exclusive right to use the Trademarks or any confusingly similar trade names or trademarks. Supplier acknowledges it has no right hereunder to use the Trademarks or any confusingly similar trade names or trademarks in any manner except as specified herein or use the Trademarks or any confusingly similar trade names or trademarks on or in connection with any goods other than those specifically covered by this Agreement. Supplier acknowledges it has no right hereunder to supply goods to any third party bearing the Trademarks or any confusingly similar trade names or trademarks, without written permissions from Customer. Supplier acknowledges that upon termination of this Agreement for any cause, Supplier will have no right hereunder to use of the Trademarks or any confusingly similar trade name or trademark, or manufacture and sell or enter into any agreement with any third party to manufacture or supply goods under the Trademarks or any confusingly similar trade names or trademarks.

23.1.1 Customer shall provide the form of all Trademarks to Supplier, and Supplier shall affix the Trademarks in accordance with the Specifications.

23.1.2 Supplier shall bear all costs of affixing Trademarks to the Products in accordance with the Specifications. Supplier's right to affix Trademarks as set forth in this subsection does not include any right or license to use Trademarks for any purpose other than fulfilling its obligations under this Agreement. Supplier acknowledges that it has no ownership right, title or interest in or to Trademarks by reason of this Agreement or its performance hereunder.

23.2 [****] Supplier agrees it has no right hereunder to use or allow Customer's Tools to be utilized in the manufacture of any goods which embody the same, similar, or likely to be confused Design or copyrighted aspects as the Products except as expressly approved in writing by Customer.

23.3 Supplier shall retain its Intellectual Property Rights owned or developed by Supplier outside of this Agreement or owned or controlled by Supplier prior to the execution of this Agreement; and all improvements, modifications or enhancements to the foregoing made by or on behalf of Supplier ("Supplier IP"). Except for Supplier IP, any inventions, innovations, designs, plans, specifications, drawings, materials, components, utility patent rights or the like (collectively, "**Inventions**") first conceived by or on behalf of Supplier hereunder for Customer and/or affiliates of Customer shall be the property of Customer (and/or such affiliates of Customer) and Supplier shall have no rights, property or interest in any portion of such Inventions. With respect to Inventions that are co-developed, Customer and/or affiliates of Customer shall have all title, rights and interest, including but not limited to Inventions and Design rights in any Invention developed pursuant to such co-development. The Trademarks, Design and Inventions are deemed to be Intellectual Property. Any Deliverables created by Supplier under this Agreement shall be considered a "**Work Made for Hire**" as that phrase is defined by the U.S. copyright laws and shall be owned by and for the express benefit of Customer. In the event it should be established that such Deliverable does not qualify as a Work Made for Hire, Supplier agrees to and does hereby assign to Customer all of its right, title, and interest in such Deliverable including, but not limited to, all copyrights, patents, trademarks, and other proprietary rights in Inventions. Supplier hereby irreversibly assigns any and all rights it may have or acquire in any portion of the Intellectual Property (including but not limited to rights to improvements or changes) in the Inventions, at law or in equity, to Customer. Without limiting Section 24, Supplier shall keep the Intellectual Property in the Inventions in confidence and shall return such items upon termination of supply of Products to Customer and/or affiliates of Customer. Supplier agrees to sign such further documents as may be reasonably requested by Customer to effectuate the transfer of the Intellectual Property.

23.4 License to Supplier IP. Subject to the terms and conditions of this Agreement, Supplier hereby grants Customer, and its Affiliates, a perpetual, non-exclusive, non-sublicensable, non-transferable, limited license to Supplier IP solely to sell, offer to sell, and otherwise distribute, including through multiple levels of distribution, Product provided hereunder.

24. Confidential Information and Data

24.1 Company Information

24.1.1 Supplier and Customer each acknowledge that the other Party may possess and may continue to possess information, that has commercial value in such other Party's business and which is not in the public domain. Such information may have been discovered or developed by such other Party or provided to it by a third party, and such other Party may hold property rights in such information by assignment, license or otherwise. For the purposes of this Section 24, neither Supplier nor its Affiliates nor its or their subcontractors shall be considered contractors or subcontractors of Customer or Customer Group.

24.2 Obligations

24.2.1 Customer and Supplier will each refrain from unauthorized use, storage and disclosure, will hold as confidential and will use the same level of care to maintain the confidentiality and prevent misappropriation or dissemination of, the other Party's Company Information as it employs to maintain the confidentiality and prevent misappropriation or dissemination of its own information of a similar nature, but in no event less than a reasonable standard of care in view of the scope of the Services, the obligations of the Parties under the Agreement (including the obligations of Supplier pursuant to Section 14 (Legal Requirements)), the businesses of the Parties, the geographical coverages of the Services and the nature of the Company Information of each Party in the possession of the other Party. In no event shall a "reasonable standard of care" require less care than the full and timely satisfaction by

each Party of its obligations pursuant to the Agreement. Notwithstanding the foregoing confidentiality and similar obligations in this Section 24 (but subject to compliance with law), the Parties may disclose to and permit use of the other Party's Company Information by their respective legal counsel, auditors, investment and financial advisors, contractors and subcontractors where: (i) such disclosure and use is reasonably necessary, and is only made with respect to such portion of the Company Information that is reasonably necessary, to permit Supplier and Customer to perform their obligations or exercise their rights hereunder, for their respective legal counsel, auditors, contractors and subcontractors to provide the Services to or on behalf of Customer or for Customer to use the Services to perform or have performed services substantially similar to, the same as the Services upon expiration or termination of the Agreement or to have other services provided to Customer, for their legal counsel, auditors, investment and financial advisors to provide advice and counsel to Customer Group in connection with the Agreement or Customer Group's business affairs; (ii) such auditors, investment and financial advisors, contractors and subcontractors (but not their attorneys) are bound in writing by obligations of confidentiality, non-disclosure and the other restrictive covenants at least as restrictive and extensive in scope as those set forth in this Section 24; and (iii) Supplier and Customer each assumes full responsibility for the acts or omissions of the persons and entities to which each makes disclosures of the other Party's Company Information no less than if the acts or omissions were those of Supplier and Customer, respectively. Notwithstanding the confidentiality obligations set forth in this Section 24.2.1, to the extent applicable, Supplier's obligations with respect to the physical and electronic security of the infrastructure in which Customer Data is processed and stored are set forth in the "Data Security and Privacy", "Supplier Security Information Security Standards" and "Special Safeguards for Competitive Security" Exhibits.

- 24.2.2 The Parties shall be responsible to ensure that its legal counsel, auditors and subcontractors comply with this Section 24.
- 24.2.3 Without limiting the generality of the foregoing, neither Party will publicly disclose the other Party's Company Information, including, without limitation, the substantive or material commercial terms of the Agreement or the substantive positions of the Parties in the negotiation of the Agreement, except to the extent permitted by this Section 24 and/or to enforce the terms of the Agreement, without the prior written consent of the other Party. Furthermore, except as set forth in the Agreement, neither Supplier nor Customer will acquire any right in or assert any lien against the other Party's Company Information, and/or refuse to promptly return, provide a copy in the format requested of, or destroy such Company Information upon the request of the disclosing Party.
- 24.2.4 Notwithstanding any other provision of the Agreement, neither Party nor the persons and entities to which a Party makes authorized disclosures of the other Party's Company Information shall be restricted in disclosing and using in connection with its business operations any ideas, concepts, know-how, techniques or experience, including processes, methods, techniques and concepts developed, conceived or acquired by either Party, its Affiliates or their respective contractors and subcontractors in the course of the performance of the Agreement and the performance and use of the Services, which are retained in the unaided memories of employees who have had access to the other Party's Company Information (without reference to any physical or electronic embodiment of such information and without deliberate memorization for the purposes of reuse under this Section 24.2.4), unless such disclosure and/or use (i) shall infringe any of the patent rights, copyrights or mask works rights, or the Trade Secrets or Confidential Information which are a part of or embodied in the other Party's Company Information of the other Party or any third party, or (ii) shall constitute a violation by Supplier, Customer, and/or their respective contractors or subcontractors or their respective employees, of any applicable law.

24.3 Exclusions

24.3.1 Notwithstanding the foregoing and excluding the Personally Identifiable Information, this Section 24 and the provisions of any other contract, agreement or similar document, however described, between the Parties regarding either Party's Company Information, shall not apply to any information which Supplier or Customer can demonstrate was or is: (a) in the public domain at the time of disclosure, (b) published or otherwise becomes part of the public domain after disclosure through no fault of the receiving Party, (c) in the possession of the receiving Party at the time of disclosure other than as a result of a breach of duty owed to the disclosing Party, (d) disclosed to it by a third party who had a lawful right disclose such information without a breach of duty owed to the disclosing Party, or (e) independently developed by the receiving Party without reference to or use of the disclosing Party's Company Information. Further, either Party may disclose the other Party's Company Information to the extent required by law or order of a court or governmental agency or the rules of the New York Stock Exchange, the NASDAQ Stock Market or similar national stock exchange. However, in the event of disclosure pursuant to an order of Court or governmental agency, and subject to compliance with law or such order of Court or governmental agency, the recipient of such Company Information shall give the disclosing Party prompt notice to permit the disclosing Party an opportunity, if available, to obtain a protective order or otherwise protect the confidentiality of such information, all at the disclosing Party's cost and expense. The receipt of Company Information under the Agreement will not limit or restrict assignment or reassignment of employees of Supplier and Customer within or between the respective Parties and their Affiliates.

24.4 Data Ownership

24.4.1 All Customer Company Information (including, without limitation, Customer Data, records and reports related to Customer and Customer Business) whether in existence at the Effective Date, any Commencement Date and/or compiled thereafter in the course of performing the Services, shall be treated by Supplier and its subcontractors as the exclusive property of Customer and the furnishing of such Customer Company Information, or access to such items by, Supplier and/or its subcontractors, shall not grant any express or implied interest in such Customer Company Information to Supplier and/or its subcontractors, and Supplier's and its subcontractors' use of such Customer Company Information shall be limited to such use as is necessary to perform and provide the Services. Upon request by Customer at any time and from time to time and without regard to a Party's default under the Agreement, Supplier and/or its subcontractors shall promptly deliver Customer Company Information to Customer (including, without limitation, all Customer Data, other data, records and related reports regarding Customer and Customer Business) in electronic format and in such hard copy as exists on the date of the request by Customer. All Supplier Company Information whether in existence at the Effective Date, any Commencement Date and/or compiled thereafter in the course of performing the Services, shall be treated by Customer as the exclusive property of Supplier and the furnishing of such Supplier Company Information, or access to such items by Customer Group, shall not grant any express or implied interest in Customer relating to such Supplier Company Information, and Customer's receipt and use of such Supplier Company Information shall be limited (i) to such receipt and use as permitted under the Agreement, including as reasonably necessary or appropriate to receive and use the Services and/or (ii) the Products.

24.5 Loss of or Unauthorized Access to Company Information; Intrusions

24.5.1 The receiving Party will immediately notify the disclosing Party, in writing in the event of any loss, unauthorized disclosure or access to or use or storage in violation of the Agreement of a disclosing Party's Company Information (and with respect to Customer Group, Customer Data) known to the receiving Party. With respect to Customer Data, Supplier shall also immediately notify Customer, orally and in writing, of any known security breach or other circumstance that may result in the unauthorized use, access, disclosure, alteration or

destruction of Personally Identifiable Information contained in Customer Data or of any accidental loss, destruction, or damage to Customer Data.

24.5.2 Supplier will provide Customer and its representatives with access to Supplier's policies, processes and procedures, and descriptions of its systems relating to intrusion detection and interception, with respect to the systems used by Supplier to provide the Services for the purpose of assessing those systems, processes, policies and procedures. Supplier will notify Customer immediately in writing of any such intrusion or attack that is successful in accessing Customer Data or that could reasonably be expected to have a material adverse effect on the Services.

24.6 Limitation

24.6.1 The covenants of confidentiality and other restrictive covenants set forth herein (i) will apply after the Effective Date to any Company Information (A) disclosed to the receiving Party after the Effective Date or (B) disclosed to Supplier before the Effective Date, and (ii) will continue and must be maintained from the Effective Date through the termination of the Services and (A) with respect to Trade Secrets, until such Trade Secrets no longer qualify as Trade Secrets under applicable law; and (B) with respect to Confidential Information, for a period equal to the longer of 5 years after termination of the Parties' relationship under the Agreement, or as long as required by applicable law. Neither Party will be responsible for the security of the other Party's Company Information during transmission via public communications facilities, except to the extent that such breach of security is caused by the failure of such Party to perform its obligations under the Agreement.

25. Termination

25.1 Either Party may terminate this Agreement immediately by giving ninety (90) days prior written notice to the other Party, if a Party is unable to pay its debts as they become due, files for voluntary or is subject to the filing for involuntary dissolution, is declared insolvent, makes an assignment for the benefit of creditors, or suffers the appointment of a receiver or trustee over all or substantially all of its assets or properties. If Customer exercises this right, it will be obligated to pay [*****] of the Wind-Down Charges (except Customer will [*****] pay [*****] of (i) [*****] and (ii) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the Charges for such Products)); if Supplier exercises this right, Customer will be obligated to pay [*****] of the Wind-Down Charges.

25.2 In the event, but only in the event, that Customer (i) fails to pay Supplier when due properly invoiced, undisputed charges totaling more than 2 months of charges under the Agreement (based on the average monthly charges for the 12 calendar months preceding any such failure to pay or if 12 calendar months have not elapsed, the estimated charges to Customer for the Services set forth in the "Charges" Exhibit during the first 12 months of the Term) and (ii) fails to cure any such breach described in item (i) above within 60 days after receiving notice from Supplier of the failure to make such payment, Supplier may, by giving written notice to Customer after the foregoing cure period and prior to any cure, terminate the Agreement as of a subsequent date specified in the notice of termination, subject to Section 27 (Termination/Expiration Services), and Customer will be obligated to pay [*****] of the Wind-Down Charges.

25.3 Either Party may terminate this Agreement, in whole or in part, immediately by giving written notice to the other Party, if such Party fails to perform in accordance with or breaches any material term, condition, or provision of this Agreement, provided that the non-breaching Party first gives thirty (30) days written notice of such failure or breach and the breaching Party fails to substantially correct such failure or breach to the reasonable satisfaction of the non-breaching Party within a period of thirty (30) days after receipt of such notice, provided that this Section 25.3 will not apply to any claimed breach by Customer for which a failure to pay Supplier. If Customer exercises this

right, it will be obligated to pay [****] of the Wind-Down Charges (except Customer will [****] pay [****] of (i) [****] and (ii) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the Charges for such Products)); if Supplier exercises this right, Customer will be obligated to pay [****] of the Wind-Down Charges.

25.4 If there exists a series of material breaches (including Service Level Termination Events) that are cured within the permissible periods, and/or a series of non-material or persistent breaches by Supplier and/or its Affiliates that in the aggregate have a material and significant adverse impact (i) on the provision to or use of all or any portion of the Services by Customer; or (ii) the administration, management, planning, financial reporting or operations of Customer, then Customer shall [****] Wind-Down Charges (except Customer will [****] pay [****] of (i) [****] and (ii) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the Charges for such Products)), or fee/amount, however described, for a termination pursuant to this Section 25.4 other than payment for the Services (including the Termination/Expiration Assistance) through the effective date of the termination of the Services.

25.5 In addition to any other rights of the Parties to cancel or terminate this Agreement, Customer may terminate this Agreement, for any reason, by giving 90 days written notice to Supplier, provided that Customer shall pay Supplier [****] of the Wind-Down Charges and Supplier may terminate this Agreement, for any reason, by giving [****] written notice to Customer, in which case Customer will [****] Wind-Down Charges (except Customer will [****] pay [****] of (i) [****] and (ii) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the Charges for such Products)).

25.6 In the event of a Change of Control of Supplier (or that portion of Supplier providing a material portion of the Services under this Agreement), upon 90 days written notice to Supplier given not later than 90 days after Supplier's written notice to Customer of the occurrence of such Change of Control, provided that Customer shall pay to Supplier [****] of the Wind-Down Charges (except Customer will [****] pay [****] of (i) [****] and (ii) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the Charges for such Products));

If any force majeure event lasts longer than 10 consecutive days, or more than 30 days in any twelve month period, and Customer determines in good faith that such force majeure event substantially prevents, hinders or delays Supplier's performance of any of the Services, then Customer may upon written notice terminate the Agreement, provided that Customer shall pay to Supplier [****] of the Wind-Down Charges (except Customer will [****] pay [****] of (i) [****] and (ii) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the Charges for such Products)); with any amounts recorded as a casualty loss deducted from the amount of such Wind-Down Charges.

26. Termination Charges

26.1 Customer Obligation. In the event of a termination by Customer pursuant to any of the clauses in Section, Customer shall pay to Supplier Wind-Down Charges, or portions thereof as expressly set forth in the relevant clause of Section. [****]

- 26.2 Both Parties shall, in good faith, undertake Commercially Reasonable Efforts to mitigate the costs of Termination. Supplier shall make Commercially Reasonable Efforts to cancel all applicable Material purchase orders and reduce Material inventory through return for credit programs or allocate such Materials for alternate Customer programs if applicable, or other customer orders provided the same can be used within [****] days of the termination of the Termination Assistance Services.
- 26.3 Upon the expiration or earlier termination of this Agreement for any reason, Supplier shall immediately and permanently discontinue the use of all Trademarks, Trade Secrets and Customer Company Information and immediately return to the relevant Parties all disks, printed material, and other materials containing Trademarks, Trade Secrets or Confidential Information.
- 26.4 Termination or expiration of this Agreement shall not terminate any liability of either Party arising out of negligence or actions or failures to act prior to the actual date of termination or expiration, or any liabilities or obligations of either Party hereunder that expressly survive termination.
27. **Termination/Expiration Assistance** Supplier shall cooperate with Customer, shall take and perform the activities described on the "Termination/Expiration Assistance" Exhibit and shall assist Customer in the orderly, uninterrupted transfer and migration of the Services (including, without limitation, continuing to perform and provide the Services) to Customer itself or another services provider in connection with the expiration or earlier termination of the Agreement for any reason, however described ("**Termination/Expiration Assistance**"). The quality of the Services and Supplier's performance of its obligations under the Agreement, shall not be degraded during the Termination/Expiration Assistance period. The Term of the Agreement shall not be deemed to have expired or terminated until the Termination/Expiration Assistance is completed. Upon Customer's request, Supplier shall provide, and shall cause its subcontractors to provide, Termination/Expiration Assistance commencing [****] prior to expiration or upon any notice of termination or of non-renewal of the Agreement and continue to provide, and cause to be provided, the Termination/Expiration Assistance for [****], provided that Customer shall take reasonable steps to complete its transition as soon as reasonably practicable. However, in the event Customer is in default with respect to the payment of amounts in excess of the amounts set forth in Section 25.2 (Termination by Supplier) at the start of the Termination/Expiration Assistance, Supplier shall not be required to provide Termination/Expiration Assistance unless Customer prepays the projected monthly fees due for the Termination/Expiration Assistance in 3 month increments during the period that the Termination/Expiration Assistance is provided by Supplier. Customer will be credited or paid any unused portions of such pre-payments.
- 27.1 As part of Termination/Expiration Assistance, Supplier shall (i) provide such information as Customer may reasonably request relating to the number and function of each of Supplier Personnel who are employed or contracted by Supplier to perform the Services under the Agreement, and Supplier shall make such information available to potential successors as designated by Customer, (ii) not make any material change in the level of Service or number of employees assigned to perform functions for Customer under the Agreement without the prior consent of Customer, (iii) not reassign Supplier's employees or subcontractors away from performance of functions under the Agreement, except as mutually agreed by the Parties, and (iv) cooperate with and provide reasonable support to Customer and any Third Party who may perform certain of the Services following Termination/Expiration Assistance.
- 27.2 If the provision of any Termination/Expiration Assistance by Supplier would require Supplier to perform New Services, the provisions of Section 9 relating to New Services shall apply.
- 27.3 If Customer is required to prepay the monthly fees and it is determined that such prepayment is in excess of the actual fees associated with the Termination/Expiration Assistance, then Supplier shall apply such overpayment to monies otherwise due Supplier or, if no monies are due Supplier, promptly refund such overpayment to Customer at the end of such Termination/Expiration Assistance. Conversely, if the amount prepaid by Customer to Supplier for Termination/Expiration Assistance does not fully reimburse Supplier for the actual fees for the provision of Termination/

Expiration Assistance to Customer, then Supplier shall invoice Customer and Customer shall pay Supplier for such additional amounts as incurred and invoiced to Customer.

27.5 In the process of evaluating whether to undertake or allow termination, expiration or renewal of the Agreement, Customer may consider obtaining, or determine to obtain, offers for performance of services similar to the Services following termination, expiration or renewal of the Agreement. As and when reasonably requested by Customer for use in such a process and/or ease transition following such a process, Supplier shall provide to Customer such information, including, without limitation, updated Exhibits and Schedules, work flows, work plans, process flows, requirements, specifications, documentation and an updated Procedures Manual, and other cooperation regarding performance of the Services as would be reasonably necessary for a third party to prepare an informed, non-qualified offer for such services. The types of information and level of cooperation to be provided by Supplier pursuant to this Section 27.5 shall be no less than those initially provided by Customer to Supplier prior to commencement of the Agreement or provided during the Term. To the extent not inconsistent with the immediately preceding sentence, (i) Supplier shall not be obligated to disclose its Confidential Information or its costs (except those charged to Customer on a pass through basis or otherwise disclosed to Customer), and (ii) Supplier shall not be obligated to nor shall Customer disclose Supplier Confidential Information to third parties. In no event shall Supplier be obligated to disclose its customer's confidential information, or the confidential information of its vendor(s) to the extent such disclosure is restricted under a written agreement with such vendor(s).

27.6 If the Termination/Expiration Assistance is beyond the scope of the Services described herein and Supplier is not able to provide the requested Termination/Expiration Assistance with the same Supplier Personnel performing the Services without a degradation in the Services, and Supplier will incur additional expenses beyond that which Supplier would incur during its provision of the Services, Supplier will charge Customer and Customer will pay Supplier for the additional Termination/Expiration Assistance.

28. Step-In Rights

In the event that Supplier fails to deliver all or part of the Services in accordance with this agreement, and provided Supplier has not been able to remedy the Delay within a reasonable time period and such failure is attributable to Supplier, Customer may assign Customer staff or any third party subcontractor (other than a Supplier Competitor listed the "Parties' Competitors" Exhibit) to step-in for Supplier and perform such Services until such time that Supplier can demonstrate the ability to resume the performance of such Services. [****] Customer's exercise of its step-in rights under this Section 28 shall not constitute a waiver by Customer of any of its other rights under the Agreement (including Customer's rights set forth in Section 25 (Termination)). [****]

29. Supplier Abandonment

29.1 Supplier shall not Abandon the Services or the Agreement. "Abandon" or "Abandonment" means [****]. For the purposes of the Agreement, the definition of "Abandon" or "Abandonment" means:

29.1.1 [****]; and

29.1.2 [****]. If Supplier breaches Section 29.1, Supplier agrees that Customer will be irreparably harmed, and, without any additional findings of irreparable injury or harm or other considerations of public policy, Customer shall be entitled to apply to a court of competent jurisdiction for and, provided Customer follows the appropriate procedural requirements (e.g., notice), Supplier shall not oppose the granting of an injunction compelling specific performance by Supplier of its obligations under the Agreement without the necessity of posting any bond or other security. Supplier further agrees not to oppose any such application for injunctive relief by Customer except to require that Customer establish that Supplier has committed an Abandonment.

29.2 Upon request by Customer, Supplier shall provide Customer a plan within 90 days of the grant of the injunction, setting forth Supplier's proposal for transitioning the Services in-house or to a third party service provider within a [*****] period.

30. Governance

30.1 Relationship Management and Contract Governance Model

- 30.1.1 Supplier acknowledges that it is a key business requirement of Customer that Supplier provide the Services in a consistent, integrated manner. To meet that requirement, Supplier shall adhere to the relationship management and contract governance model and processes as described in the "Governance and Relationship Management" Exhibit.
- 30.1.2 Supplier organization responsible for Supplier's relationship with Customer and delivery of the Services shall be led by a Supplier Account Executive (as defined in Section 32.1 (Supplier Account Executive)), whose counterpart will be the "**Customer Account Executive.**" Supplier Account Executive will serve as the primary point of contact with Customer Account Executive.
- 30.1.3 Supplier Account Executive and Customer Account Executive shall be supported by Supplier and Customer personnel, whose roles and responsibilities are set forth in the "Governance and Relationship Management" Exhibit.
- 30.1.4 Supplier shall designate a Supplier Service Delivery Manager who will be assigned full-time and who will have responsibility, working under the direction of Supplier Account Executive, for the successful completion and delivery of the Services.
- 30.1.5 Customer shall designate a Customer Contract Manager.

30.2 Meetings

- 30.2.1 The Parties shall determine an appropriate set of meetings to be held between their representatives, which shall include at least a monthly meeting with Supplier Account Executive and Customer Account Executive. Supplier shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Customer will chair all such meetings. Supplier shall prepare and circulate minutes promptly after each meeting. Supplier will make such changes to the agenda and the minutes as Customer may request.

30.3 Procedures Manual

- 30.3.1 The "**Procedures Manual**" shall comply with the "Governance and Relationship Management" Exhibit and shall describe how Supplier shall perform and deliver the Services under the Agreement, Customer's Tools, Software and systems being used; work flows, work plans, and process flows pertinent to the Services; and applicable documentation. The Procedures Manual shall describe the activities Supplier proposes to undertake in order to provide the Services, including those supervisory, monitoring, staffing, reporting, planning and oversight activities normally undertaken by first tier contract manufacturing suppliers to provide services of the type Supplier is to provide under the Agreement. The Procedures Manual also shall include descriptions of the quality assurance procedures approved by Customer, Supplier's problem management and escalation procedures, and the other standards and procedures pertinent to Customer's interaction with Supplier in obtaining the Services. Any changes made to the Procedures Manual by Supplier shall be provided to Customer and may be freely used by Customer in Customer's own manufacturing. The Procedures Manual shall be suitable for use by Customer to understand the Services and Supplier's organization, resources, methods, procedures and processes for performing, providing and managing the Services and both Parties' obligations under the Agreement.
- 30.3.2 The Procedures Manual shall be prepared, reviewed, finalized and agreed to by the Parties in accordance with the timelines set forth in the initial Statement of Work. The final Procedures

Manual shall be subject to the written approval of Customer. Supplier shall periodically (but not less frequently than on a calendar quarterly basis) update the Procedures Manual to reflect changes in the operations or procedures described therein, publish and distribute the Procedures Manual to Customer. Updates to the Procedures Manual shall be provided to Customer for review, comment and approval. Supplier shall perform the Services in accordance with the most recent Customer-approved version of the Procedures Manual. Subject to Section 30.4.2, the Procedures Manual shall be considered an operational document, which Supplier Account Executive and Customer Account Executive may revise by mutual written agreement without the need to amend the Agreement.

30.4 Approval of Changes; Change Control Process

- 30.4.1 The Parties will follow an agreed change control process (the “**Change Control Process**”) to manage Changes to the Services and the methods used to provide the Services in a controlled manner with minimum disruption. “**Change**” means the addition, modification or removal of any aspect of the Services and/or the methods used to provide the Services, including without limitation an engineering change to the Products and any resultant adjustment to the cost and/or schedule for the Services. The purposes and objectives of the Change Control Process are (i) to determine whether a Change to the Services and/or the methods used to provide the Services is acceptable to both Parties and/or included as part of the Services or constitutes a New Service, (ii) to prioritize all requests for Changes, (iii) to minimize the risk of exceeding time and/or cost estimates associated with the Change by identifying, documenting, quantifying, controlling, managing and communicating Change requests, their disposition and, as applicable, implementation, (iv) to identify the different roles, responsibilities and actions that shall be assumed and taken by the Parties to define and implement the Changes, and (v) to agree on the equitable adjustment to the schedule and cost, if any, for Services as a result of the Change. The Change Control Process covers activities from receipt of a request for a Change to assessment, scheduling, implementation and, finally, post-implementation review. The Change Control Process will produce approval or other action with respect to any proposed Change. Notwithstanding any other provision in the Agreement and subject to Customer agreeing to pay for such changes and modifications in accordance with the Agreement, Supplier shall promptly agree to make and make each of the changes and/or modifications to its performance and/or delivery of the Service requested by Customer in order to comply with Section 17.6 of the Agreement. Supplier shall not carry out any Change that is not approved by Customer pursuant to a Change Request Authorization in accordance with Section 30.4.3 or an Amendment in accordance with Section 30.4.2. The Change Control Process will be included as part of the Procedures Manual.
- 30.4.2 Customer shall have the right to approve in advance any Change in the manner in which Supplier performs and delivers the Services that may affect Product form, fit or function (i) requires Customer to change the way it conducts its operations; (ii) increases fees or the costs (including taxes) incurred by Customer; (iii) involves any change in the locations at or from which any of the Services are performed or provided; (iv) could result in any decrease in the security or integrity of the operations or the Company Information of Customer; (v) involves any change in the use of or operation under the Third Party Contracts; (vi) involves any amendment, modification or other change to any Third Party Contract, or (vii) involves New Services. Customer will have the right to set priorities in scheduling work.
- 30.4.3 If an approved Change would result in a Change that is not covered by Section 30.4.2, above, Supplier Service Delivery Manager and Customer Contract Manager may execute on behalf of the Parties a Change Request Authorization to effect such Change without the need to amend the Agreement.
- 30.4.4 Notwithstanding the foregoing, Supplier may make an emergency change to the Services without Customer’s prior approval if required to ensure the uninterrupted delivery of the

Services or any portion thereof or to minimize damage to Customer Data. In each such event, Supplier shall promptly (but in no event longer than twenty-four (24) hours after the decision to make such change), notify Customer, orally and in writing, of such change, the time and date on which such change was implemented and the reasons(s) for such changes. If such change would have required Customer's prior approval under the Agreement, except for this emergency exception, then Customer shall have the option to direct Supplier to remove such change and Supplier shall promptly remove such change and restore the Services as performed and/or delivered prior to such change.

- 30.4.5 If Customer fails to perform any of its material obligations under the Agreement or Supplier is otherwise expressly entitled under the Agreement to an increase in the fees, relief from the Service Levels, or any other relief from or adjustment to any term, condition, or requirement under the Agreement upon the occurrence or non-occurrence of any event, through no fault of Supplier, Supplier may request from Customer an equitable adjustment in the fees, or such other relief as set forth in this Section 30.4.5, or both; provided, however, that Supplier's right to request such an equitable adjustment or other relief shall be conditioned on Supplier's providing to Customer a written notice as soon as practicable, but in any event not later than ten (10) days, after Supplier knew or should have known of the occurrence or condition giving rise to the claim for equitable adjustment or other relief. Any such claim not made as set forth in this Section 30.4.5 is waived. Any addition, modification or change to any terms of the Agreement based on such a claim shall be authorized by a written amendment of the Agreement. Failure of the Parties to agree on the entitlement to or the scope or amount of an equitable adjustment or other relief under this Section 30.4.5 shall be treated and resolved as a dispute under the Agreement.

30.5 Reports

- 30.5.1 Supplier shall prepare and deliver to Customer the reports and compilations of information set forth in the "Governance and Relationship Management" Exhibit according to the schedule or with the frequency set forth in that Exhibit.

31. Affected Employees

- 31.1 In order to facilitate the orderly assumption by Supplier of its obligations under the Agreement, if applicable, Supplier shall employ or offer employment to (or cause its Affiliate to do so, as applicable), Customer Group personnel identified in a Statement of Work (the "Affected Employees") in accordance with the terms and conditions of the "Human Resources Provisions" Exhibit and applicable local law. All costs and expenses incurred by Supplier in connection with the offer to employ and the employment of the Affected Employees shall be the responsibility of Supplier.

32. Supplier Personnel

32.1 Supplier Account Executive

Unless otherwise provided in the Agreement, the Supplier shall appoint a dedicated person to serve as the Supplier's single point of accountability for the Services (the "**Supplier Account Executive**"). The Supplier Account Executive shall have the additional responsibilities described in the "Governance and Relationship Management" Exhibit. The Supplier Account Executive's compensation shall include meaningful financial incentives based on the Customer's satisfaction with the Services.

32.2 Replacement of Personnel

- 32.2.1 The Supplier shall assign an adequate number of properly educated, trained and qualified Supplier Personnel to perform the Services.
- 32.2.2 If the Customer determines that the level or quality of the performance of the Services is unsatisfactory and it is not in the Customer's best interests for any Supplier or subcontractor employee to be appointed to perform or to continue performing any of the Services, the Customer may give the Supplier written notice to that effect and the Supplier will take prompt

action, at no expense to the Customer, to remedy the situation to the satisfaction of the Customer. Promptly after its receipt of such a notice, the Supplier shall investigate the matters set forth in the notice and discuss with the Customer the results of the investigation. If, following discussions with the Customer the Customer decides that the individual should be removed from the Customer's account, the Supplier will promptly do so and replace such individual with an individual of suitable ability and qualifications.

32.3 Key Supplier Personnel and Positions

- 32.3.1 In each Statement of Work, the Customer may designate members of, and/or positions on, the Supplier's customer service team as "**Key Supplier Personnel**" and "**Key Supplier Personnel Positions**."
- 32.3.2 The Supplier shall cause the Supplier Personnel who are Key Supplier Personnel or who occupy each of the Key Supplier Personnel Positions to devote substantially all of their working time and effort in the employ of the Supplier to his or her responsibilities for the provision of the Services, subject to the Supplier's reasonable holiday, vacation and medical leave policies and subject to occasional, short-term, non-recurring work on other assignments by the Supplier related to the Key Supplier Personnel's areas of expertise.
- 32.3.3 The Customer may from time to time request a change the designated Key Supplier Personnel and Key Supplier Personnel Positions upon written notice to the Supplier. Supplier will evaluate Key Supplier Personnel performance within 30 days of Customer request and decide the course of action, which may or may not include the change or termination of the employee.
- 32.3.4 Before the initial and each subsequent assignment of an individual to a Key Supplier Personnel Position, the Supplier shall notify the Customer of the proposed assignment, introduce the individual to appropriate representatives of the Customer and, consistent with the Supplier's practices governing the disclosure of such information to its customers, provide the Customer with a resume and any other information about a prospective individual reasonably requested by the Customer. If the Customer objects to the proposed assignment, the Parties shall attempt to resolve the Customer's concerns on a mutually agreeable basis.
- 32.3.5 The Supplier will give the Customer, where reasonably possible, at least 90 days advance notice of a change of the person appointed to a Key Supplier Personnel Position, and will discuss with the Customer any objections the Customer may have to such change. Where reasonably possible, the Supplier will arrange for the proposed replacement for an individual appointed to a Key Supplier Personnel Position to work side-by-side with the individual being replaced during the notice period to achieve an effective transfer of knowledge prior to the incumbent leaving his or her position. The Supplier shall not reassign or replace any person assigned to a Key Supplier Personnel Position during the first year of his or her assignment to the Customer service team, nor shall the Supplier assign more than 3 different individuals to a single Key Supplier Personnel Position during the Term, unless the Customer consents to such reassignment or replacement, or the Supplier employee voluntarily resigns from the Supplier, requests a transfer, is terminated by the Supplier or is unable to work due to his or her death or disability. Individuals designated as Key Supplier Personnel or filling Key Supplier Personnel Positions may not be transferred or re-assigned until a suitable replacement has been approved by the Customer, and no such re-assignment or transfer shall occur at a time or in a manner that would have an adverse impact on delivery of the Services. The Supplier shall establish and maintain an up-to-date succession plan for the individuals serving in Key Supplier Personnel Positions.

32.3.6 Supplier Personnel Requirements

- 32.3.6.1 Throughout the Term, the Supplier shall be responsible for all recruiting and hiring of staff necessary to perform the Services, to meet the Supplier's Service Level, schedule and other commitments and to provide continuous improvement to the

Service Levels. The Customer shall not be obligated to pay any fees relating to any replacement personnel until such time as the Customer reasonably determines that such replacement personnel has reached the same level of proficiency with respect to the Services as the replaced personnel had at the time he or she ceased performance of the Services.

32.3.7 Retention of Experienced Personnel

32.3.7.1 To the extent applicable, the Customer may identify certain of the Affected Employees as “**Knowledge Retention Personnel**” due to their possession of knowledge that the Customer believes will be critical to the Supplier in providing the Services. To the extent applicable, a list of the Affected Employees who are designated as Knowledge Retention Personnel will be set forth in the applicable Statement of Work. Supplier will use Commercially Reasonable Efforts to keep all Knowledge Retention Personnel as members of the Customer service team subject to the Supplier’s ability to make reasonable opportunities for promotion available to them within the Customer service team. The provisions of Section 32.3.5 shall also apply to changes in the assignment and/or employment status of Knowledge Retention Personnel, except for that provision of Section 32.3.5 that limits the number of individuals who may occupy a Key Supplier Personnel Position during the Term.

32.3.7.2 Supplier will make Commercially Reasonable Efforts to maintain a the turnover rate of the Supplier Personnel, that does not exceed 15% of the aggregate population of the Supplier Personnel performing the Services under the Agreement.

32.3.8 Customer Right to Hire Service Personnel

Subject to the other provisions of this Agreement, from the Effective Date until 6 months following the completion of all of Supplier’s performance obligations under this Agreement (including the performance of the Services and Termination/Expiration Assistance, but not including observances or obligations, such as indemnification, warranties, or protecting Confidential Information, that survive expiration or termination), Customer will not knowingly and directly or indirectly solicit or seek to procure, without Supplier’s prior written consent, which may be withheld at Supplier’s sole discretion, the employment of or employ Supplier Personnel engaged in the provision of the Services. Notwithstanding the foregoing restriction, (i) Customer may employ a number of Supplier Personnel equal to the total number of Affected Employees that have been employed by Supplier in connection with the provision of the Services under this Agreement; (ii) Customer may employ any Supplier Personnel who respond to a general solicitation to the public (including solicitations by way of job-posting websites) or solicitations by a retained third party so long as the third party is not directed by Customer or its Affiliates to make such solicitation to Supplier Personnel; or (iii) if Supplier refuses or fails to provide Termination/Expiration Assistance reasonably requested by Customer and subject to Section 27 (Termination/Expiration Assistance), Customer shall have the right to solicit any such Supplier Personnel who were involved in performing the terminated Services; provided, however, in such cases described in (iii), Customer shall not be permitted to hire more than 1/3 of Supplier Personnel involved in the performance of the terminated Services. Customer shall be entitled to exercise its rights under this Section 32.3.8 without interference from Supplier and Supplier shall cooperate with Customer to facilitate Customer’s exercise of such rights. Supplier shall waive its rights, if any, under contracts with such individuals restricting their ability to be recruited or by Customer or its designee. Customer or its designee shall have reasonable access to such Supplier Personnel for interviews and recruitment.

33. Full Cooperation

Supplier will provide immediate assistance to Customer in responding to any inquiry or observation from any governmental agency or industry standards organization, and will promptly investigate and respond to any allegation the Product is improperly designed or has failed to perform properly.

34. Exclusivity

Supplier shall not use Customer's Confidential Information to manufacture nor sell Products, or substantially similar products, to any third party under a trade name, trademark, or other proprietary name or symbol, which is owned by or licensed to a third party, it being the intention of the Parties that Supplier shall not, during the term of this Agreement, use Customer Confidential Information to manufacture or sell any Products, including "private labeled" Products, to any third parties without the prior written consent of Customer.

35. Obligation Not to Subcontract

35.1 Supplier agrees that it will perform all final manufacturing and assembly operations itself to produce the Products, and that it will not subcontract the complete or substantially all of manufacturing or assembly of the Products unless Supplier obtains Customer's prior written approval. Supplier is responsible for notifying Customer of any plans for change of manufacturing locations.

35.2 The subcontracting of any work hereunder, if permitted by Customer, shall not relieve Supplier from its obligations hereunder, including, but not limited to, the obligation to require the companies providing goods and services to Supplier on a first-tier basis, to comply with Customer **Compliance Policies**.

36. Assignments

The Agreement will be binding on the Parties and their respective successors and permitted assigns. Except as provided in this Section 36, neither Party may, or will have the power to, assign the Agreement (or any rights, benefits or obligations hereunder, including the right to receive payments hereunder) by operation of law or otherwise without the prior written consent of the other, except that Customer may assign its rights and delegate its duties and obligations under this Agreement (i) to an Affiliate or (ii) as a whole as part of the sale or transfer of all or substantially all of its assets and business, including by merger or consolidation with a person or entity that assumes and has the ability to perform Customer's duties and obligations under this Agreement, without the approval of Supplier and (iii) Supplier shall have the right to assign its rights to receive monies hereunder, without the prior written consent of Customer provided that no such assignment will provide the assignee any right to make any claim or assert any Dispute directly against Customer nor provide the assignee any broader or different rights than Supplier has hereunder. Supplier shall at all times continue to be Customer's sole point of contact with respect to this Agreement, including with respect to payment. The person or entity to which such rights are assigned, transferred, pledged, hypothecated or otherwise encumbered shall not be considered a third party beneficiary under this Agreement and shall not have any rights or causes of action against Customer.

37. Remedies

In addition to the rights to indemnification and to terminate this Agreement and other rights as described above, if either Party fails to perform or comply with any of the terms and conditions of the Agreement, and except as otherwise stated in this Agreement, the other Party may pursue any and all other remedies available at law or in equity, including, but not limited to, seeking damages, including reasonable attorneys' fees and court costs, specific performance, injunctions, or any combination of these.

38. Severability

Any portion of this Agreement, which is prohibited by the laws of any country or state, shall, as to such jurisdiction, be ineffective only to the extent of such prohibition without invalidating the remaining provisions of this Agreement.

39. Waiver

The failure or delay of either Party to enforce, at any time or for any period of time, any provision of this Agreement or any right or remedy available hereunder or at law or equity shall not be construed to be a waiver of such provision or of any available right or remedy. In addition, no single or partial exercise of any right, power or privilege hereunder shall preclude the enforcement of any further exercise or exercise of any right, power or privilege hereunder.

40. Notices

40.1 Unless otherwise provided in this Agreement, all notices under this Agreement shall be in writing and in English and may be delivered (i) personally by hand, (ii) by overnight or international courier service, (iii) by email, if confirmed electronically by the recipient, or (iv) by certified or registered mail, return receipt requested and postage prepaid; addressed as follows:

40.1.1 if to Supplier, at the address on the Cover Page and to the attention of the title of the officer who executed this Agreement on the Cover Page with a copy to the attention of the General Counsel, and

40.1.2 if to Customer, at the address on the Cover Page and to the attention of the Chief Procurement Officer and to the General Counsel, and also to law.notices@ncr.com,

40.2 or to a Party at such other address as may be designated by the Party by written notice to the other. Any notice sent in accordance with this provision shall be deemed given upon receipt by the receiving Party.

41. Limit of Authority; Relationship of Parties

The Parties acknowledge and agree that, in the exercise of their respective rights and the performance of their respective obligations under this Agreement, they are and shall remain independent contractors, not co-venturers, employer and employee, franchisor and franchisee, partners or agents. Nothing in this Agreement shall be construed (i) to give either Party the power to direct or control the daily activities of the other Party; or (ii) give either Party the authority to assume or create any binding obligation whatsoever, express or implied, on behalf or in the name of the other Party.

42. Entire Agreement; Modification; Interpretation

42.1 All of the terms and conditions to this Agreement are specified in this Agreement, including the Cover Page, Exhibits and the NCR Supplier Quality Manual. This Agreement supersedes all prior communications, representations, and agreements between the Parties regarding the subject matter of this Agreement and contains the entire understanding between the Parties concerning the subject matter of this Agreement, whether oral or written, including any confidentiality agreement between the Parties which has been in effect but is superseded by the terms of this Agreement as of the start date of the Term of this Agreement.

42.2 This Agreement may be amended or modified (each, an "**Amendment**") only by an agreement in writing, signed by duly authorized officers of both Parties. Any additional or different terms in Supplier's forms (including any invoice, confirmation or acknowledgement issued by Supplier in response to a Purchase Order), electronic or otherwise, are material alteration to the terms of this Agreement and therefore invalid unless agreed to in writing by both Parties.

42.3 If any term of this Agreement is found to be invalid or unenforceable under any statute, regulation, ordinance, order, or any other rule of law, such term shall be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order, or rule, and the remaining provisions of this Agreement shall remain in full force and effect.

42.4 In the event of a conflict between the General Terms and Conditions of this Agreement, the Exhibits and Customer Compliance Polices, including the NCR Supplier Quality Manual, the order of precedence and control in descending order shall be the General Terms and Conditions of this Agreement, the Exhibits and then Customer Compliance Polices. This Agreement is the product

of negotiations between Customer and Supplier, and will be construed as if jointly prepared and drafted by them, and no provision hereof will be construed for or against either Party by reason of ambiguity in language, rules of construction against the drafting party or similar doctrine.

42.5 The various Section headings are inserted for purposes of reference only and shall not effect the meaning or interpretation of this Agreement or any provision hereof.

43. Governing Law; English Language; Dispute Resolution

43.1 This Agreement shall be governed by and construed in accordance with and pursuant to the laws of the State of New York, U.S.A. (without regard to any conflicts of law rules that could result in the application of the laws of another jurisdiction). The application of all or any of the provisions of the United Nations Convention on Contracts for International Sale of Goods (Vienna Sales Convention) to this Agreement or a Purchase Order, or the incorporation of such provisions into this Agreement or a Purchase Order, at any time is expressly excluded in all respects. Supplier hereby waives any immunity on the grounds of sovereignty, the act-of-state doctrine, or the like from the jurisdiction of any court or other forum from any action, suit or proceeding, or the service of process in connection therewith, arising under this Agreement.

43.2 The Parties agree that this Agreement is written in the English language and that the English language version of the Agreement will control for all purposes of interpretation and otherwise, regardless of whether the Agreement is subsequently or simultaneously translated into any other language, and regardless of whether any such translation may be signed by the Parties.

43.3 Any dispute, controversy or claim arising out of or relating to this Agreement or its breach (a "**Dispute**") shall be conducted in English and shall be submitted to the exclusive jurisdiction of the state and federal courts located in New York County in the State of New York, U.S.A.; except that in actions seeking to enforce any order or judgment of such courts in New York, such jurisdiction shall be nonexclusive. Each of the Parties hereby irrevocably consents, generally and unconditionally, to the personal jurisdiction of the state and federal courts in the State of New York, and each Party irrevocably waives any objection, including any objection to the laying of venue based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in such courts.

43.4 In the event of a Dispute in which Supplier claims Customer is in breach of this Agreement and Customer, in good faith, disputes such claim, Supplier shall continue to perform its obligations throughout the period in which the Dispute being resolved, provided Customer continues to pay all undisputed amounts in accordance with the terms of this Agreement.

43.5 EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 43.5.

43.6 Except for a Party's injunctive relief rights set forth in this Agreement, the Parties acknowledge that the dispute resolution procedures set forth in this Section 43 are intended as the exclusive procedure for resolving Disputes and agree not to initiate litigation or commence any arbitration or other dispute resolution proceeding in any other forum or jurisdiction. In the event that a Party institutes any legal suit, action, or proceeding, including arbitration, against the other Party in a jurisdiction other than as set forth in this set forth in this Section 43 (other than an action for injunctive relief), then the

other Party shall be entitled to receive, in addition to all other damages to which it may be entitled, the costs incurred by such Party in enforcing the forum and jurisdiction provisions of this Section 43, including actual attorneys' fees and expenses and court costs.

44. Force Majeure

Each Party shall be excused from liability for failure to perform under this Agreement because of acts of God, fire, floods, unanticipated actions by governments, or other unanticipated causes which cannot be remedied by the Commercially Reasonable Efforts of the Party whose performance is impaired; provided, that the Parties shall use reasonable efforts to continue to meet their obligations for the duration of the force majeure condition; and provided further, that the Party declaring force majeure shall notify the other Party promptly in writing of the commencement of the condition, the nature, and the termination of the force majeure condition. Strikes, lockouts and other forms of labor unrest shall not constitute events of force majeure, other than strikes, lockouts and other forms of labor unrest of a third party. In the event a force majeure condition is not cured within [*****], Supplier, upon the written request of Customer, will provide Customer's Tools (unless not acceptable due to force majeure condition) and design to Customer or its designee and Customer shall have the right to immediately produce the Products at another manufacturer during the force majeure event. However, the transfer of Customer's Tools and/or design shall not be delayed by such negotiations being commenced or completed. A force majeure event pursuant to this Section 44 shall not affect either Party's payment obligations, as set forth herein.

45. Prohibited Countries/Persons/Impermissible Conduct

Supplier agrees that it will not acquire for use in the performance of this Agreement any merchandise, equipment, supplies, or services originating from, processed in, or transported from or through, the countries and/or persons prohibited from commerce by the United States Government or as set forth in Customer Compliance Policies. This restriction also includes merchandise, equipment, supplies or services from any other country/person that is restricted by law, regulation or executive order at any time during performance of the contract. If Customer authorizes Supplier to subcontract, Supplier shall include this provision in such subcontract(s).

46. Additional U.S. Government Regulations

46.1 Without limiting Supplier's obligation to comply with applicable laws and regulations as contained in this Agreement, Supplier agrees to comply with the following contract clauses, to the extent those clauses are applicable to Supplier:

Federal Acquisition Regulation ¶ 52.222-26, Equal Opportunity (E.O. 11246);

Federal Acquisition Regulation ¶ 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C. 4212); and

Federal Acquisition Regulation ¶ 52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C. 793).

46.2 The full text of those clauses, which may be found in 48 United States Code of Federal Regulations (C.F.R.) Chap 1, are incorporated into the text of this Agreement. The version of the clause in effect as of the date this Agreement is applicable. Customer shall have the right to unilaterally amend this Article to add or delete to the list of the above U.S. regulations to ensure compliance with applicable U.S. government requirements.

46.3 If an order exceeds USD\$10,000 and the Products being provided are ultimately delivered to the United States Federal government (including non-appropriated fund instrumentalities of the Federal government), Supplier agrees that an authorized representative of the United States Federal government will have the right to examine and audit the books and records of Supplier directly pertaining to the order. Examination and audit may be anytime during the contract period and up to 5 years after final payment to Customer by the United States Federal Government for such items.

47. No Gratuities

By entering into this Agreement, each Party certifies that it and its representatives did not offer, solicit, accept or provide (or attempt to offer, solicit, accept, or provide) any gratuity (entertainment, gifts, money, or other thing of value) to the other Party or any of the other Party's representatives for the purposes of obtaining or rewarding favorable treatment in connection with this Agreement or its award or in connection with any subcontracts of each Party under this Agreement or their award.

48. Counterparts; Execution by Facsimile

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Execution may be effected by delivery of scanned copies of signature pages, with original signatures exchanged after.

EXHIBIT 1

MASTER MANUFACTURING AGREEMENT DEFINITIONS

This is Exhibit 1 to that certain Master Services Agreement dated as of April 22, 2018, between Customer and Supplier.

Abandon or Abandonment	has the meaning set forth in <u>Section 29.1</u> of the Agreement.
Affected Employees	has the meaning set forth in <u>Section 31.1</u> of the Agreement.
Affiliates	means, with respect to a Party, any entity at any time Controlling, Controlled by or under common Control with such Party.
Agreement	has the meaning set forth in the <u>Cover Page</u> of the Agreement.
Allocation Percentage	has the meaning set forth in the " <u>Service Levels</u> " Exhibit.
Amendment	means a modification to the Agreement made in accordance with <u>Section 42.2</u> of the Agreement.
At Risk Amount or Amount at Risk	has the meaning set forth in the " <u>Service Levels</u> " Exhibit.
Audit Period	has the meaning set forth in <u>Section 9.1</u> of the Agreement.
Change	has the meaning set forth in <u>Section 30.4.1</u> of the Agreement.
Change Control Process	has the meaning set forth in <u>Section 30.4.1</u> of the Agreement.
Change of Control	means the transfer of the Control of a Party, or a sale of substantially all of the assets of a Party, from the persons or persons who hold such Control on the Effective Date to another person or persons, but shall not include a transfer of the Control of a Party to an Affiliate of such Party.
Change Request Authorization(s)	means the process and any related forms required to request and authorize Changes requested by Customer Contract Manager or its designee, where such Changes are within the scope of the existing Services.
Charges	means the charges and pricing for the Services as set forth on the <u>Cover Page</u> and the " <u>Charges</u> " Exhibit.
Claim	means any civil, criminal, administrative or investigative action or proceeding commenced or threatened by a third party.
Commencement Date	means the date(s) on which Supplier becomes responsible for performance of the Services, as set forth in any applicable Statement(s) of Work.
Commercially Reasonable Efforts	whether capitalized or not, means taking such steps and performing in such a manner as a well-managed, financially responsible company would undertake where such company was acting in a determined, prudent, diligent and reasonable manner to achieve a particular desired result for its own benefit and the benefit of all its customers.
Company Information	means collectively the Confidential Information and Trade Secrets of a Party and/or a designated group including such Party. Company Information also includes information which has been disclosed to such Party and/or a designated group including such Party by a third party, which Party and/or a designated group including such Party is obligated to treat as confidential or secret.

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Confidential Information	means with respect to a Party and/or a designated group including such Party, any and all proprietary business information (including, without limitation, Personally Identifiable Information) of the disclosing Party and/or a designated group including such Party and/or of third parties in the possession of the disclosing Party and/or a designated group including such Party, treated as secret by the disclosing Party and/or a designated group including such Party (that is, it is the subject of efforts by the disclosing Party and/or the designated group including the disclosing Party that are reasonable under the circumstances to maintain its secrecy) that does not constitute a Trade Secret (defined below), including, without limitation, any and all proprietary information in the possession of such disclosing Party and/or a designated group including such Party of which the receiving Party becomes aware as a result of its access to and presence at the other Party's and/or a designated group's including such Party facilities.
Contract Records	has the meaning set forth in <u>Section 9.1</u> of the Agreement.
Control, Controlling, or Controlled	means with regard to an entity the legal, beneficial or equitable ownership, directly or indirectly, of 50% or more of the outstanding equity or capital stock (or other ownership interest) of such entity ordinarily having voting rights, or the equivalent right under contract to control management decisions.
Cover Page	has the meaning set forth on the <u>Cover Page</u> of the Agreement.
Credit Percentage	has the meaning set forth in the " <u>Service Levels</u> " Exhibit.
Critical Deliverables	means those deliverables performed on a one-time or periodic basis, for which a Deliverable Credit may be payable in accordance with <u>Section</u> of the " <u>Service Levels</u> " Exhibit and described in the applicable Statement(s) of Work, Critical Deliverables are identified in the applicable Statement(s) of Work. Critical Deliverables are not Critical Service Levels.
Critical Service Levels	means those Service Levels established under the " <u>Service Levels</u> " Exhibit for which a Service Level Credit may be payable. It is the intent of the Parties that all Critical Service Levels shall be quantifiable, measurable and objective.
Customer	has the meaning set forth in the <u>Cover Page</u> of the Agreement.
Customer Account Executive	has the meaning set forth in <u>Section 30.1.2</u> of the Agreement.
Customer Auditor	has the meaning set forth in <u>Section 9.2</u> of the Agreement.
Customer Business	means the businesses engaged in by Customer Group.
Customer Compliance Policies	means Customer Group corporate compliance policies listed on the " <u>Customer Policy, Compliance Certificate</u> " Exhibit, the security policies and protocols provided in the " <u>Supplier Security Information Security Standards</u> " Exhibit, the policies and provisions provided in the " <u>Special Safeguards for Competitive Security</u> " Exhibit, and/or otherwise referenced in the Agreement, as modified, amended and/or supplemented from time to time by Customer Group.
Customer Data	means (i) all data and information collected, generated, provided or submitted by, or caused to be collected, generated, provided or submitted by, Customer Group in connection with the Services; (ii) all data and information regarding Customer Business collected, generated or submitted by, or caused to be collected, generated, provided or submitted by, Supplier and/or its Affiliates and subcontractors; (iii) all data and information regarding Customer Business processed or stored, and/or then provided to or for Customer Group, as part of the Services, including, without limitation, data contained in forms, reports and other similar documents provided by Supplier as part of the Services; and (iv) Personally Identifiable Information, but excluding from items (i) through (iv), information regarding Supplier's personnel provided to Customer, and regarding Supplier's costs other than those costs that Supplier is obligated to provide to Customer Group under the Agreement.

Customer Governmental Orders/Judgments	means all federal, state, provincial, regional, territorial and local laws, statutes, statutory instruments, ordinances, regulations, rules, executive orders, supervisory requirements, directives, circulars, opinions, interpretive letters and other official releases of or by any government, or any authority, department or agency thereof applicable to any members of Customer Group.
Customer Group	means individually and collectively Customer and its existing and future Affiliates that use or receive any portion of the Services.
Customer Group Competitors	means the entities and persons listed on the " <u>Parties' Competitors</u> " Exhibit.
Customer Indemnitees	has the meaning set forth in <u>Section 19.1</u> of the Agreement.
Customer Software	means Software that is owned by the members of Customer Group.
Customer Supplied Software	Means software owned or licensed by Customer that is provided to Supplier, either to install in Supplier's systems or to access through a Customer portal, for purposes of manufacturing the Products. The Customer Supplied Software is listed on Exhibit 16 along with the rights to access and use each such software for purposes of manufacturing the Products.
Customer Systems	means the computer equipment, Software, data networks and systems used and operated by Customer Group for its information technology requirements.
Customer's Tools	has the meaning set forth in <u>Section 22.1</u> of the Agreement.
Defect	means a breach of the Services Warranty in <u>Section 16.1</u> of the Agreement.
Delay	has the meaning set forth in <u>Section 6.4</u> of the Agreement.
Deliverables	has the meaning set forth in the Development Services Exhibit
Deliverable Credits	means the monetary amount(s) that Supplier shall pay to Customer (or apply against Charges) in the event of a failure to achieve a Critical Deliverable as listed in the " <u>Service Levels</u> " Exhibit and its Attachment(s).
Derivative Work	means a work based on one or more pre-existing works, including without limitation, a condensation, transformation, expansion or adaptation, which would constitute a copyright infringement if prepared without authorization of the owner of the copyright of such pre-existing work.
Design	the trade dress, visual design, and copyrights in the non-functional aspects of the Products and packaging
Dispute	has the meaning set forth in <u>Section 43.3</u> of the Agreement.
Effective Date	means the date set forth on the <u>Cover Page</u> of the Agreement.
End User(s)	has the meaning set forth in <u>Section 1.1</u> of the Agreement.
Ensure or ensure	means a commitment to perform a function or task associated with an obligation.

Equipment	Means any machines, tools or gear which are not specific to the Services provided to Customer and can be readily used within Supplier operations to produce or provide Services to other Supplier customers.
Equipment Charge	Means with respect to Equipment owned by Supplier that is implicated by the relevant termination event and used by Supplier on a fully dedicated basis to perform the Services, if Customer decides not to purchase such Equipment and Supplier is not able to redeploy such Equipment within sixty (60) days of the date on which such Equipment is no longer required to perform the Termination Assistance Services, the amount included in the Wind-Down charges shall consist of the sum of the book value for each such item of Equipment, net any amounts recovered by Supplier through the sale or other disposition of such Equipment.
EU	means the European Union.
Excess Material	has the meaning set forth in Section 2.6.2 of the Agreement.
Forecasts	has the meaning set forth in Section 2.5 of the Agreement.
Harmful Code	has the meaning set forth in Section 16.1.3 of the Agreement
Immediately and Promptly or immediately and promptly	in all its and their forms and wherever it is used in the Agreement, regardless of capitalization, shall mean as soon as reasonably practicable.
Including and including (and its derivatives, such as "include" and "includes")	means including without limitation.
Intellectual Property or Intellectual Property Rights	means, on a worldwide basis, any and all: (i) rights associated with works of authorship, including copyrights, moral rights and mask-works; (ii) trademarks and service marks; (iii) trade secret rights; (iv) patents, designs, algorithms and other industrial property rights; (v) other intellectual and industrial property rights of every kind and nature, however designated, whether arising by operation of law, contract, license or otherwise; and (vi) registrations, initial applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force (including any rights in any of the foregoing).
Interpretative Issue	has the meaning set forth in Section 17.6.2 of the Agreement.
Inventions	has the meaning set forth in Section 23.3 of the Agreement.
Key Measurements	means those Service Levels for which no Service Level Credit is payable, but which are meaningful to Customer Group business, and are described in the " Service Levels " Exhibit and/or applicable Statement(s) of Work.
Key Supplier Personnel	has the meaning set forth in Section 32.3.8 of the Agreement.
Key Supplier Personnel Positions	means those personnel furnished by Supplier to perform the Services who are designated Key Supplier Personnel and/or occupy positions designated as Key Supplier Personnel Positions, as designated by Customer from time to time, pursuant to Section 32.3.8 of the Agreement.
Legal Requirements	has the meaning set forth in Section 14.1 of the Agreement.
Long-Lead Material	has the meaning set forth in Section 2.6 of the Agreement.
Losses	means all judgments, settlements, awards, losses, charges, liabilities, penalties, interest claims (including taxes and all related interest and penalties incurred directly with respect thereto), however described or denominated, and all related reasonable costs, expenses and other charges associated with defending and/or settling a Claim (including all reasonable attorneys' fees and all disbursements, interest and penalties), however described or denominated.
Materials	as the meaning set forth in Section 3.1 of the Agreement.

Materials Declaration Requirements	has the meaning set forth in <u>Section 14.5.1</u> of the Agreement.
Minimum Contractual Requirements	means the minimum contractual requirements required by NCR as set forth in the Statement of Work - Manufacturing Services and Specifications Exhibit
New Services	means (A) additional services or modifications to the Services requested by Customer (i) which have a material impact on Supplier's cost, (ii) that are materially different from the Services, and (iii) to which the existing pricing mechanisms in the " <u>Charges</u> " Exhibit cannot be applied, or (B) onetime start up or transition costs not included in the existing pricing mechanisms in the " <u>Charges</u> " Exhibit.
Obsolete Material	has the meaning set forth in <u>Section 2.6.2</u> of the Agreement.
Out-of-Pocket Expenses	means reasonable, demonstrable and actual out-of-pocket expenses due and payable to a third party by Supplier that are approved in advance by Customer and for which Supplier is entitled to be reimbursed by Customer under the Agreement. Out-of-Pocket Expenses shall not include Supplier's overhead costs (or allocations thereof), general and/or administrative expenses or other markups. Out-of-Pocket Expenses shall be calculated at Supplier's actual incremental expense and shall be net of all rebates and allowances.
Parties	means Supplier and Customer.
Party	means Supplier or Customer.
Pass-Through Expenses	has the meaning set forth in the " <u>Charges</u> " Exhibit.
Personally Identifiable Information	means any and all information provided by Customer Group and/or its Affiliates or collected by Supplier for Customer Group (i) that identifies, or when used in combination with other information provided by Customer Group or processed by Supplier on behalf of Customer Group identifies, an individual, or (ii) from which identification or contact information of an individual person can be derived. Personally Identifiable Information can be in any media or format, including computerized or electronic records as well as paper-based files. Personally Identifiable Information includes, without limitation, a person's name, home and work contact information, email address, social security number, social insurance number, or other government-issued identifier, and all information about the individual's relationship with Customer Group (such as compensation and benefits information, education, training and professional qualification data, job information, health and disability data, products and services purchased data, products and services usage data, etc.) Additionally, to the extent any other information (such as, but not necessarily limited to, biometric information) is associated or combined with Personally Identifiable Information, then such information also will be considered Personally Identifiable Information.
Pool Percentage Available for Allocation	has the meaning set forth in the " <u>Service Levels</u> " Exhibit.
Procedures Manual	has the meaning set forth in <u>Section 30.3.1</u> of the Agreement.
Process	means to collect, record, organize, store, adapt or alter, retrieve, consult, use, disclose by transmission, disseminate or otherwise make available, align or combine, block, erase or destruct, whether or not by automatic means information or data.
Products	has the meaning set forth in <u>Section 1.1</u> of the Agreement.
Proposal	has the meaning set forth in <u>Section 10.2.1</u> of the Agreement.
Purchase Order	has the meaning set forth in <u>Section 2.1</u> of the Agreement.
Request	has the meaning set forth in <u>Section 10.2.1</u> of the Agreement.
RMA	has the meaning set forth in Section 16.4 of the Agreement.
RMA Product	has the meaning set forth in <u>Section 16.4</u> of the Agreement.

Samples
SSCO

has the meaning set forth in Section 4.2 of the Agreement.

Means a self-service check out device primarily used at large grocers and retailers with the sole function of allowing a customer to checkout and pay for products at the exit counter. The self-service checkout must have a user interface display, CPU, controller board, payment mounting bracket and device, and printer with options for scanners (handheld, bioptic, and/or single window, security scale, basket shelf, cash device, coin device, and infeed/outfeed belts. For the avoidance of doubt vending machines and kiosks, attended or unattended, are not considered SSCO. Further depicted below for clarity:



Service Level Default

means Supplier's level of performance for a particular Critical Service Level or Key Measurement fails to meet the applicable Target Service Level at any time or Supplier's level of performance fails to meet a particular Critical Deliverable.

Service Level Termination Event(s)

means (a) in any rolling 12 month period at any point during the Term, Supplier has a total of 4 or more Service Level defaults for the same Critical Service Level; or (b) the Total Service Level Credits at any time are equal to or greater than 25% percent of sum total of the aggregate At Risk Amount for the preceding 12 month period.

Service Levels

means the standards of performance to be met or exceeded by Supplier in providing the Services (including, without limitation, the Critical Deliverables). The Service Levels are set forth in the "Service Levels" Exhibit.

Services	means the services, functions and responsibilities, as they may evolve during the Term and as they may be supplemented, enhanced, modified or replaced, comprised of (i) the services, functions, and responsibilities described in the Agreement, including the Termination/Expiration Assistance; (ii) the services, functions, and responsibilities reasonably related to the tasks described in the <u>"Statement of Work - Manufacturing Services and Specifications" Exhibit</u> ; (iii) the projects as set forth in a Statement of Work by the Parties; (iv) New Services upon execution of an Amendment by the Parties incorporating such New Services into the Agreement; and (v) any services, functions, and responsibilities not specifically described in the Agreement which are an inherent or necessary part or subpart of, and which are required for the proper performance and provision of, the services, functions, and responsibilities described above. Changes during the Term in the services, functions and responsibilities described above shall not be deemed to be New Services, if such services, functions and responsibilities evolved or were supplemented and enhanced during the Term (a) by Supplier in its sole discretion, or (b) are required to be made by Supplier as part of the services, functions or responsibilities described above pursuant to the terms of the Agreement unless specifically identified in the Agreement as a New Service.
Services Warranty	has the meaning set forth in <u>Section 16.1</u> of the Agreement.
Software	means applications software and all other software that perform (or assist in performing) tasks in connection with the Services.
Specifications	has the meaning set forth in <u>Section 4.1</u> of the Agreement.
Statement of Work	means a statement by the Parties and setting forth the scope of work, fees, timeline and other relevant terms regarding the Services to be performed by Supplier. A Statement of Work may implement Changes where such Changes are outside the scope of the existing Services.
Supplied Software	means Software that is owned by Supplier or its Affiliates.
Supplier	has the meaning set forth in the <u>Cover Page</u> of the Agreement.
Supplier Account Executive	has the meaning set forth in <u>Section 32.1</u> of the Agreement.
Supplier Indemnitees	has the meaning set forth in <u>Section 19.2</u> of the Agreement.
Supplier Personnel	means any and all personnel furnished or engaged by Supplier to perform the Services, including employees and independent contractors of (i) Supplier, (ii) its Affiliates and (iii) Supplier's and its Affiliates' subcontractors.
Supplier Supplied Software	means Supplier Software and Third Party Software that Supplier uses or provides to Customer to Use on behalf and for Customer Group in accordance with this Agreement.

Supplier Tools	means any Equipment, tools, know-how, methodologies, processes, technologies or algorithms selected and provided or made available by Supplier and used by Supplier in providing the Services.
Target Service Level	means the minimum level of performance set forth in the " <u>Service Levels</u> " Exhibit and/or any applicable Statement(s) of Work with respect to each Critical Service Level and Key Measurement.
Term	has the meaning set forth in <u>Section 1.1</u> of the Agreement and any extension of the Term described in the Agreement.
Termination	has the meaning set forth in <u>Section 25</u> of the Agreement.
Termination/Expiration Assistance	has the meaning set forth in <u>Section 27.1</u> of the Agreement.
Third Party Contracts	means those contractual, leasing and licensing arrangements to which one or more members of Customer Group, or their or its Affiliates, is a party and pursuant to which a member of Customer Group receives any third party products, software and/or services that Supplier will access or use in providing the Services and for which Supplier is assuming operational, compliance, financial, management and/or administrative responsibility under the Agreement.
Third Party or third party	means any person or entity that is not a Party to the Agreement and is not an Affiliate of a Party to the Agreement.
Total Service Level Credits	means the amount equal to the sum of the actual Service Level Credits paid in any rolling 12 month period at any time during the Term.
Trade Secrets	means with respect to a Party and/or designated group including such Party, information related to the services and/or business of the disclosing Party and/or such group and/or of a third party which (a) derives economic value, actual or potential, from not being generally known to or readily ascertainable by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts by the disclosing Party and/or such group that are reasonable under the circumstances to maintain its secrecy, including without limitation (i) marking any information clearly and conspicuously with a legend identifying its confidential or proprietary nature; (ii) identifying any oral presentation or communication as confidential immediately before, during or after such oral presentation or communication; or (iii) otherwise, treating such information as confidential or secret. Assuming the criteria in sections (a) and (b) above are met, Trade Secrets include, but are not limited to, technical and nontechnical data, formulas, patterns, compilations, computer programs and software, devices, drawings, processes, methods, techniques, designs, programs, financial plans, product plans, and lists of actual or potential customers and suppliers.
Trademarks	has the meaning set forth in <u>Section 23.1.1</u> of the Agreement.
Use	means to make, have made, use, copy, maintain, modify, enhance, display, perform, distribute or create Derivative Works.
Warranty Period	has the meaning set forth in Section 16.1 of the Agreement.
Wind-Down Charges	means the following expenses or charges as a result of a termination of this Agreement that are not otherwise subject to payment or reimbursement by Customer under this Agreement and to the extent reasonably necessary and actually incurred by Supplier (Supplier shall provide Customer evidence of such expenses), after Supplier takes Commercially Reasonable Efforts to mitigate the adverse financial impact: (i) lease termination obligations, provided that, upon Customer's request, Supplier shall provide to Customer copies of lease agreements entered into with respect to Supplier-leased Equipment and Supplier facilities used exclusively for the Services; (ii) the Equipment Charge; (iii) the cost of the Materials and any Work In Process (WIP) necessary to fulfill Customer's 6-month Forecasted requirements, which Materials and WIP shall be transferred to Customer; (iv) any Products which Supplier has completed manufacture prior to termination pursuant to an outstanding Purchase Order for which payment has not been made (which, notwithstanding anything herein to the contrary, shall be purchased and delivered to Customer in accordance with the Agreement, including the full Charges for such Products); and (v) severance expenses to any Supplier employees that are laid off as a direct and proximate result of the termination of the Agreement, and solely to the extent Supplier is legally obligated to incur such expenses. In those circumstances in which Supplier is entitled to recover Wind-Down Charges under this Agreement, Supplier shall submit an estimate of the anticipated Wind-Down Charges, together with ways in which such expenses may be mitigated or reduced, within 30 days after the event triggering such Wind-Down Charges. Wind-Down Charges to be recovered by Supplier shall be reduced to the extent Customer or its designees

Work Made for Hire

assume financial obligations that Supplier would otherwise have incurred as a result of such termination.

has the meaning set forth in Section 23.3 of the Agreement.

EXHIBIT 2

STATEMENT OF WORK - MANUFACTURING SERVICES AND SPECIFICATIONS

Until such time as the parties agree to a full Statement of Work, the following terms comprise the SOW:

This Statement of Work #1 is intended to form part of the Master Manufacturing Services Agreement ("Agreement") between NCR Corporation ("Customer") and Jabil Inc. ("Supplier").

Interpretation/Definition: Unless specifically defined in this SOW, capitalized terms will have the same meanings in this SOW as are ascribed in the Agreement

[Commencement Date/Term]

- General Purpose
 - a. Intent of this SOW: This statement of work is for Jabil Chihuahua to manufacture and test of the NCR ATM and SSCO products
 - b. Product names: ATM, SSCO
 - c. Part/SKU Numbers:

SSCO

[*****]
[*****]
[*****]

ATM

[*****]
[*****]
[*****]
[*****]
[*****]
[*****]
[*****]
[*****]
[*****]

- Specifications:
 - § all of [*****], NCR Supplier Quality Manual; NCR Service Design & Logistics Supplier Guide
 - § [*****]
 - § [*****]

2. Service Description

a. Transition Services: to be completed by the parties prior to May 31, 2018 including: Milestones, dependencies, knowledge Transfer Critical Deliverables, etc. Insert Pete's plan / timeline for initial startup

b. Transition of Materials and Equipment: (i) Supplier will purchase Customer's existing on-hand Materials, to the extent not required by Customer for its production and to the extent required for Supplier to produce Products per the Forecast and Purchase Orders. Purchases will be made through POs issued by Supplier to Customer, applying the cost provided by Customer to Supplier as part of the Pricing, for delivery FOB Customer's dock in Midland or Columbus, Georgia. Materials will be purchased, if at all, prior to December 31, 2018, (ii) Supplier may purchase Equipment from Customer from Customer's facilities in Midland and Columbus at Supplier's discretion, at any time prior to October 1, 2018. Pricing will be agreed when Supplier makes a request to purchase. Supplier will prioritize the use of the [*****] of Equipment, if time allows, to meet the accelerated schedule. If Supplier is unable to wait for Customer to make the Equipment available to meet accelerated schedule, Customer acknowledges that Supplier will purchase new Equipment instead of purchasing it from Customer. (iii) Customer will procure Material necessary for Supplier to produce Products during the transfer schedule [*****]. All Material will be provided either by the Customer, and purchased by Supplier at Customer's cost, or by transfer of Customer purchase orders to Supplier for the necessary Material. (iv) Supplier will provide to Customer a quotation for any costs needed to purchase Customer Tools or New Services required for Supplier to fulfill its Services obligations. Customer will be responsible to either pay for such costs or reimburse Supplier upon mutual agreement on the quoted costs.

c. Go live date for the first products from supplier is estimated to be, and Supplier will use its Commercially Reasonable Efforts to achieve these dates:

SSCO		First shipment
	[*****]	[*****]
	[*****]	[*****]
	[*****]	[*****]
ATM		
	[*****]	7/25/18
	[*****]	8/1/18
	[*****]	[*****]
	[*****]	[*****]
	[*****]	[*****]
	[*****]	[*****]
	[*****]	[*****]
	[*****]	[*****]
	[*****]	[*****]

d. Manufacturing Services Final assembly for SSCO and ATM per specifications

e. Responsibility Matrix

The Responsibility Matrix set forth below indicates which party is accountable for certain listed processes, activities and tasks as part of the Services. Entries in both columns indicate a shared responsibility or combined effort between the Parties. Where responsibility is shared, Supplier shall have responsibility for completing the task and Customer shall have decision-making authority. It is not the intent of the Responsibility Matrix to identify or define every process, activity or task to be performed by Supplier in connection with the Services. Supplier is responsible for all Services required by Customer within the subject areas covered by this Service Description, whether or not the particular task or responsibility is expressly stated in the Responsibility Matrix or otherwise in this Service Description.

TBD

Item I.	Services	Supplier	Customer Procurement
BTB		X	

f.Key Personnel – [Supplier to complete]

g.Quality Standards- [Quality standard for manufacturing]

h.Other Supplier Obligations

i.Jabil manufacturing facility, Chihuahua, MX

3. Lead time – PO accept/reject/alternate date within 2 days

Lead time PO Rcpt to Dock (forecasted ATM/SSCO) – [*****] (ATM/SSCO) or as mutually agreed.

For customer satisfaction and OBF fulfillment requests, an expedited ordering system to be employed. For component-part requests received by 12:00pm, Jabil to ship overnight same-day. All orders received after 12 to be shipped the following day, overnight delivery.

4. Forecasting – 12 months out (base and feature) – monthly updates

5. Change order (PO set for one PID/Config, we want a diff one) –

Config changes can be negotiated within [*****] of ship date assuming material is available. Config changes within the [*****] of ship

6. Reconfiguration: supplier to reconfigure ATM/SSCO units when needed based on time and material quote.

7. Regulatory requirements including environmental: see Specifications.

8. Customer Supplied Materials [List all materials that will be supplied by Customer] – COA process, customer supplied stickers, cameras?

These items are to be set up as a purchasable item and are in the Bill of Material driven by a factory fitted kit. A purchase order will be issued to the "Customer" at zero dollar value to supply the parts free of charge to the assembly location for integration to the unit as per the Bill of Materials and FFK (Factory

Fitted Kit) guidelines. These parts traditionally will fall into the format of 123-1234567-F. The -F indicates it is an item that is supplied free of charge from the customer. The Customer in this instance is treated as a supplier of these parts.

9. Customer Tools: See Attachment 2-A

10. Data collection requirements: - IT – testing system will identify most data collection requirements.

Quality Plan includes report-out requirements that Jabil holds responsibility to determine best data collection, storage, and interpretation methods regarding quality metrics.

Test data (journals) including configuration and genealogy to be included in IT & ME requirements

11. Warranty-tracking requirements: - [*****] from Shipment, workmanship,

12. Epidemic Failure Thresholds: -see section 16.5 of the Agreement

13. Required reports – [Insert in KPI/ Service Level as applicable] – KPI's, RCA's(required for OBF, FTT, Material Defect)

14. Regulatory approvals required from Supplier: - See Specifications

15. In-Warranty Repair Obligations: - Customer will notify Supplier promptly of any alleged claims of a Defect in Product or Non-conformance in any component or Material of the Product in question. In that notification, Customer will provide information identifying the Product, component or Material to be returned to Supplier along with identifying information (serial numbers, date codes, shipment date) and provide a description of the nature of the alleged Defect or Non-conformance. Any Product, component or Material that is allegedly Defective or Non-conforming will be returned to Supplier for analysis and verification within thirty (30) days. For the purposes of this section, "Defect" means any failure of the Product to meet the Service Warranty. "Non-conformance" means any failure of a component or Material in the Product that is not a breach of the Services Warranty and requires Supplier to pass-through available remedies from the applicable third-party vendor.

a.If this failure is caused by a Defect, Supplier will either:

i.provide repaired or replacement components or Materials and use Customer's Customer Engineers ("CE") to repair the problem, and pay Customer's CE charges on a time and materials basis applying the hourly rates in Attachment 2-B, subject to annual CPI increases; or

ii.Supplier will repair or replace the Product within [*****] business days of receipt by Supplier of the Product and all required associated documentation. Supplier will reimburse Customer for the reasonable cost of transporting the Product to Supplier's designated repair facility and Supplier will deliver the repaired Product or its replacement, FCA Customer's designated destination.

b.If no such Defect is found, Customer shall reimburse Supplier for all actual, reasonable and out-of-pocket costs and expenses incurred to analyze and, if requested by Customer, repair or replace the non-Defective Product and Customer shall bear responsibility for all transportation costs to and from Supplier's designated repair facility.

c.If this failure is caused by a Non-conformance:

i. Supplier will manage the warranty claim with the third-party vendor and pass-through any contractual remedies that are available.

16. Out of warranty repair responsibilities: Customer to notify Supplier of any planned return of Product requiring repair or reconfiguration. Supplier will provide Customer a quotation to cover any time and materials required to perform the repair or reconfiguration needed. Customer will pay Supplier for and mutually agreed costs.

17. Minimum Contractual Requirements: see obligations in Section 3.2 of the MSA and Attachment A (herein)

Attachment A to Statement of Work

WARRANTY. Supplier warrants that (a) it is free to enter into this PO and has no obligations or requirements under any other agreement contrary to any of the terms and conditions contained herein; (b) hardware will be new and unused on delivery; (c) for a period of [*****] (or longer period as offered by Supplier) after date of receipt by Customer: (i) Products furnished hereunder will be in full conformity with all specifications and other applicable documentation; (ii) hardware will be merchantable, and will be free from defects in material, workmanship and design; (d) software will contain no viruses or harmful code on delivery; and (e) Supplier will employ industry-standard technical practices, skills, care and judgment in its performance of any services pursuant to this PO. These warranties will be in addition to any standard warranties provided by Supplier for the Products, will survive inspection, test, acceptance, and payment, and will inure to the benefit of Customer, its successors, assigns, and customers (including but not limited to resellers and end users). Customer may, at its option, either return for full refund or credit, or require prompt correction, replacement or re-performance of defective or nonconforming Products, which right will be in addition to such other rights as Customer may have in law or equity. Return to Supplier of any defective or nonconforming hardware will be made at Supplier's expense. Corrected or replaced Products will be subject to this warranty to the same extent as Products originally delivered under this PO. For Products purchased for resale, Supplier acknowledges that Customer may make similar warranties to its resellers or end users in reliance upon the warranties in this PO. Supplier will defend, indemnify, and hold Customer harmless from and against any demand or claim made by any third party (including but not limited to Customer's resellers and end users) directly or indirectly alleging a Product's failure to comply with the warranties in this PO.

EPIDEMIC FAILURES. Customer may notify Supplier that an Epidemic Failure has occurred (where "Epidemic Failure" means the failure of at least [*****] percent of the hardware in any Lot, and "Lot" means a specific quantity of hardware that is (i) produced under uniform conditions and series of operations, or (ii) produced according to a single manufacturing order or design, or (iii) otherwise affected by a common root cause of failure). Such notice will include a description of the nature of the failure and other supporting data, which may include data supplied by Customer's distributors, resellers, subcontractors or customers. Customer will establish a field retrofit order ("FRO") that sets out the detailed plan to remedy an Epidemic Failure or a safety/ hazard situation, including at end-user sites, in plants and in warehouses, if applicable. The plan generally will include a process and repair method for deploying and implementing the repair and or replacement of all affected hardware in the Lot(s) and the estimated costs to deploy the fix dependent on the quantity of affected Product. Supplier will be responsible for all costs of implementing the FRO (whether inside or outside of the warranty period) including (a) replacement parts, materials, sub-assemblies or supplies; (b) technical support labor costs in handling customer calls; (c) on-site service labor in replacing all hardware within the Lot(s); and (d) all packaging, shipping and handling costs to and from the customer and warehouse locations and Supplier's repair facility. The FRO will be applicable for all hardware within the relevant Lot(s) unless and to the extent Supplier can establish that specific hardware within the Lot(s) are not affected by the root cause. In addition to the foregoing, Supplier will, at Customer's option, appoint a senior level representative to coordinate a root-cause analysis and cooperate with Customer in the development of the FRO.

LICENSE GRANTED. Supplier grants Customer a royalty-free, perpetual, worldwide, non-exclusive, non-transferable license to distribute and re-sell any software Product or software component of a Product it either directly or indirectly by (a) transferring the package to its customer without altering the package or its contents, in which case Supplier will license the software directly to the end user subject to the license terms it provided in the package; or (b) licensing the software to its customers pursuant to its standard terms and conditions. Supplier grants to Customer a perpetual worldwide non-exclusive license to use Supplier's trademarks and trade names on or in connection with the Software. [*****]

INTELLECTUAL PROPERTY INFRINGEMENT. At its expense, Supplier will defend, indemnify, and hold harmless Customer and its affiliates, and their agents, assigns, distributors, resellers, customers and end users (each an "Indemnitee") from and against all costs, expenses, damages and losses arising out of or relating to any actual or threatened claim, suit or proceeding brought against any Indemnitee alleging that any Product or its use infringes [*****] (each a "Claim"). [*****] Without limiting the foregoing obligations, Supplier will pay all costs and damages finally awarded with respect to, and/or pay all amounts in settlement of, any Claim. [*****] The foregoing obligations will not apply to any Claim caused by [*****].

COMPLIANCE. Supplier will conduct business ethically and comply with Customer's Supplier Code of Conduct available at this site: <http://www.ncr.com/company/suppliers/manuals-forms-and-templates>. In connection with providing Products under this PO, Supplier will, at its expense, and will cause its agents, employees and subcontractors to comply with all applicable federal, state, local and foreign laws, rules, acts, orders and regulations, including but not limited to laws pertaining to anti-bribery, anti-corruption, employment, import and export compliance, antitrust, environmental health, safety and electronic/product and waste take-back ("Applicable Law"). Supplier will identify and procure all required permits, certificates, licenses, insurance, approvals and inspections; and will submit all reports, certifications, and other documents as required, including information related to the proper and safe handling of the Products. Should Supplier's services hereunder require Supplier to perform, support, or handle any importation of any item into the U.S., Supplier will cooperate with Customer to address the recommendations of U.S. Customs relative to its Customs-Trade Partnership Against Terrorism (C-TPAT) program and comply with its requirements. Supplier shall, upon request, provide such information to Customer as is reasonably necessary for Customer to satisfy any reporting or similar obligations required by Applicable Law, including, without limitation, Customer's obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act with respect to disclosure regarding its use of conflict minerals. To the extent permitted by Applicable Law, Supplier will utilize standard industry practices to ensure fitness of employment if Supplier is required to perform any work or services at an Customer or Customer customer location, such as but not limited to: a) criminal background checks with positive outcome, b) credit checks, c) driving records, or d) drug test.. Supplier will not employ any person performing work on Customer related Products that fail or would fail to meet the foregoing fitness criteria, and should any objectionable, unskilled, or unfit person be employed by Supplier, Supplier will, upon request of Customer, cause such person to be removed from providing the services hereunder. Any provision which is required to be a part of this PO by virtue of any law is incorporated herein by reference. . Supplier and its employees, agents and contractors will adhere to Customer's site security rules when visiting Customer premises.

PRODUCT LIABILITY & INSURANCE. Supplier will defend, indemnify and hold harmless Customer and its affiliates, and their agents, assigns, distributors, resellers, customers and end users (each an "Indemnitee") from and against all liability resulting from any and all claims by third parties for loss, damage or injury (including death) caused by any Product to the extent not caused by [*****]. Supplier will maintain at all times relevant to this PO, and at its expense, all insurance required by law, including, without limitation, [*****].

Attachment 2-B

Standard CE Global Labor Rates

Country	2017 FRO/ Warranty Rate
BRAZIL	[*****]
ARGENTINA	[*****]
CHILE	[*****]
COLOMBIA	[*****]
DOMINICAN REPUBLIC	[*****]
MEXICO	[*****]
PERU	[*****]
PUERTO RICO	[*****]
AUSTRIA	[*****]
BELGIUM	[*****]
CZECH REPUBLIC	[*****]
DENMARK	[*****]
FRANCE	[*****]
GERMANY	[*****]
HUNGARY	[*****]
ITALY	[*****]
NETHERLANDS	[*****]
POLAND	[*****]
RUSSIA FEDERATION	[*****]
SPAIN	[*****]
SWITZERLAND	[*****]
TURKEY	[*****]
UNITED KINGDOM	[*****]
CHINA (PRC)	[*****]
HONG KONG	[*****]
TAIWAN, ROC	[*****]
INDIA	[*****]
JAPAN	[*****]
KOREA (REPUBLIC OF)	[*****]

Country	2017 FRO/ Warranty Rate
BAHRAIN	[*****]
CYPRUS	[*****]
UNITED ARAB EMIRATES	[*****]
EGYPT	[*****]
GHANA	[*****]
GREECE	[*****]
JORDAN	[*****]
KENYA	[*****]
KUWAIT	[*****]
LEBANON	[*****]
SAUDI ARABIA	[*****]
QATAR	[*****]
NIGERIA	[*****]
OMAN	[*****]
PAKISTAN	[*****]
ZIMBABWE	[*****]
CANADA	[*****]
UNITED STATES	[*****]
BRUNEI DARUSSALAM	[*****]
INDONESIA	[*****]
MACAU	[*****]
MALAYSIA	[*****]
PHILIPPINES	[*****]
SINGAPORE	[*****]
THAILAND	[*****]
AUSTRALIA	[*****]
FIJI	[*****]
NEW ZEALAND	[*****]

EXHIBIT 3
APPROVED VENDORS

This list represents the AVL as of the Effective Date of the Agreement. Further updates to the AVL will be managed by NCR [*****] system.

[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
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[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]

EXHIBIT 4**CHARGES**

Supplier and Customer agree the pricing for the Services were made under the following assumptions provided and/or agreed with Customer:

1. Annual volumes of [*****] for ATMs and Self-Service Check-Outs (SSCO) respectively, described in Table 1;
2. Inbound Freight of [*****] for ATMs and SSCO raw materials/components/sub-assemblies respectively (as a percentage of Materials costs);
3. Outbound Freight: Charges listed in Table 3 include estimated outbound costs. The Parties need to review the packaging dimensions and weights for revisiting the outbound freight costs;
4. [*****];
5. Bill Of Material (BOM) Costs ("Costed BOM") as provided in Table 2 in this Exhibit, which shall include all hardware, packaging materials, RTV, adhesives and consumables used in the manufacturing of the product (except Jabil consumables such as protective and ESD equipment and other labor clothing). Supplier did not quote or have access to BOM cost breakdown during the RFP process to validate BOM costs provided;
6. Product Assembly and Test Cycle times as provided in Table 2 in this Exhibit;
7. Foreign Exchange Rate of [*****] MXP/USD at the time of the RFP;
8. Inventory Deposit as described in Exhibit 14;
9. Warehouse space of [*****] Additional space will be charged separately; and
10. Customer will pay [*****] for each SSCO 7350 Product delivered prior to December 31, 2018 [*****].

If one or more assumptions described in this Exhibit changes during the Term of the Agreement, Customer and Supplier shall mutually agree on the respective cost impact of the changes and adjust Charges accordingly. Customer and Supplier agree to meet quarterly to discuss and agree

Table 1 – volumes quoted

EXHIBIT 5

Service Levels

TO BE ADDED BY MUTUAL AGREEMENT OF THE PARTIES BY 31 MAY, 2018

EXHIBIT 6

CUSTOMER POLICY COMPLIANCE CERTIFICATE

Pursuant to Section 14.1 of the General Terms and Conditions of the Master Manufacturing Agreement between NCR CORPORATION and Supplier named below, the undersigned hereby certifies that it has received and reviewed the below listed Customer Compliance Polices. Supplier hereby represents, warrants and covenants that it will strictly adhere to the following Customer Compliance Policies:

Customer Compliance Policies

- 1. NCR Supplier Quality Manual available at <http://www.ncr.com/documents/ncr-supplier-quality-manual.pdf>
- 2. "Data Security and Privacy" Exhibit 7
- 3. "Supplier Security Information Security Standards" Exhibit 8
- 4. NCR Supplier Code of Conduct available at <http://www.ncr.com/company/suppliers/manuals-forms-and-templates>
- 5. Service Design & Logistics Supplier Guide available at http://www.ncr.com/about_ncr/partners/suppliers/service_part_supplier_services.jsp?lang=EN

Supplier hereby acknowledges and agrees that each Customer Policy is subject to change from time to time at Customer's sole discretion. Suppliers continued performance of the Supply Agreement shall be deemed its continuing consent to Customer Compliance Policies, as amended from time to time.

The undersigned represents and warrants it is authorized to execute this Compliance Certificate on behalf of the below named Supplier.

SUPPLIER: Jabil Inc.
 BY: _____
 NAME: _____
 TITLE: _____
 DATE: _____

EXHIBIT 7

DATA SECURITY AND PRIVACY

1. Obligations of Supplier. With regard to the Processing of Customer Data, Supplier represents and warrants that Supplier will comply with the requirements below at all times during the Term of the Agreement:

1.1. Supplier will Process Customer Data (including in any aggregate form) only as permitted or required by the Agreement and this Exhibit and only in a manner that directly supports the Services, and Supplier will Process Personally Identifiable Information solely in accordance with Customer's instructions.

1.2 Supplier maintains an information security program which includes appropriate administrative, technical and physical safeguards that ensures the confidentiality, integrity and availability of Customer Data, which Supplier periodically review and update to ensure that the program complies with all of Customer's Supplier Information Security Standards and adequately addresses new and evolving threats; and Supplier train Supplier Personnel (including the personnel of any of Supplier's Affiliates or subcontractors) at least annually about information security and privacy risks and best practices required to protect the privacy and security of Customer Data.

1.3 If Supplier Process Personally Identifiable Information, then within 48 hours of Supplier's receipt of a written request from Customer, Supplier will make available to Customer: (a) the Personally Identifiable Information necessary for Customer to respond to an individual's request for access to Personally Identifiable Information about him or her; (b) the Personally Identifiable Information necessary for Customer to respond to an individual's request to amend his or her information and (if applicable) to incorporate any amendments to the Personally Identifiable Information; and (c) the information necessary to enable Customer to provide an accounting of disclosures of Personally Identifiable Information.

1.4 To the extent permitted by applicable Legal Requirements: (a) prior to permitting any of Supplier Personnel to Process Customer Data (including the personnel of any of Supplier's Affiliates or subcontractors) Supplier will conduct, or cause to be conducted (by contract or otherwise), third-party criminal background checks on all such personnel who will Process Customer Data; and (b) in no event will any individual be permitted to Process any Customer Data who has (i) been convicted of any criminal offense involving dishonesty or a breach of trust or who has participated in a pre-trial diversion with respect to such an offense, or (ii) been convicted of a felony within the last seven years, or if felony records in the jurisdiction in question do not go back seven years, then the greatest number of years for which felony convictions are traceable.

1.5 At Customer's request, to the extent permitted by Legal Requirements, Supplier will immediately cause any objectionable, unskilled, or unfit personnel to be removed from performing the Services.

1.6 Supplier will (a) impose on any Affiliates and subcontractors the same obligations that are imposed on Supplier in this Exhibit and the Agreement, including confidentiality obligations, and (b) ensure that Customer has the right to directly enforce the terms of this Exhibit and the Agreement against any such Affiliate or subcontractor. Notwithstanding the foregoing, Supplier will remain solely responsible to Customer for the proper performance of the subcontracted Processing functions as if such functions were performed by Supplier.

2. Sub-processing. omitted.

3. Security Incidents.

3.1 A "Security Incident" is any inappropriate or unauthorized access to, or *destruction, loss, alteration, disclosure or acquisition* of Customer Data or where Supplier becomes aware of (or reasonably suspects) that any Personally Identifiable Information has been compromised in any manner. For purposes of this obligation, "compromise" should be read most liberally to include, without limitation: (i) any unauthorized access to Personally Identifiable Information, (ii) any inadvertent disclosure of Personally Identifiable Information to any third party, (iii) any known or suspected misuse of Personally Identifiable Information by any person (even if such person was authorized to access the Personally Identifiable Information), (iv) any suspected use of Personally Identifiable Information by any person outside of the scope of that person's authority (even if such use does not result in harm to the individual data subject), and (v) any known or

suspected loss, alteration or destruction of Personally Identifiable Information other than as required (or permitted) by the Services. Supplier will notify Customer within 24 hours of Supplier's discovery of a Security Incident by calling Supplier's Customer point of contact and by concurrently sending written notice to law.notices@ncr.com. A Security Incident will be deemed discovered by Supplier on the first day it is either known to Supplier or Supplier's Affiliate or subcontractors. Failure to exercise reasonable due diligence which contributes to a delay in the discovery of any Security Incident shall be deemed a material breach.

3.2 To the extent known at the time of Supplier's report, Supplier's Security Incident notification to Customer will include: (a) information about the types of Customer Data is affected as a result of the Security Incident disclosed, accessed, destroyed, lost, altered, or acquired; (b) a brief description of what happened, including the date the Security Incident occurred and the date on which the Security Incident was discovered and, if known, the root cause of the Security Incident; (c) if the Security Incident involved Personally Identifiable Information, the identification of each individual whose Personally Identifiable Information has been, or is reasonably believed to have been, *accidentally or unlawfully destroyed, lost, altered, disclosed or accessed without authorization* during the time in question and the steps individuals should take to protect themselves from potential harm resulting from the Security Incident; (d) a brief description of what Supplier are doing to investigate the Security Incident, to mitigate losses, and to protect against any further Security Incidents of similar origin; (e) contact procedures for Customer, its customer(s) or prospect(s), and/or individuals for questions or to learn additional information about the Security Incident, which will include a toll-free telephone number, email address, website, or postal address; and (f) any other information reasonably requested by Customer. To the extent that the foregoing information is not available at the time Supplier provides Supplier's notification to Customer required by this Section, Supplier will provide such information to Customer as soon as it becomes available.

3.3 Supplier will promptly take all actions to mitigate, at Supplier's sole cost, any harmful effect of a Security Incident. Supplier will investigate and remedy the Security Incident; provide all information reasonably requested by Customer about the Security Incident; and will, at no cost to Customer, take, or cause to be taken, all actions reasonably directed Customer security personnel. Supplier will maintain, and will cause any third party that Processes Personally Identifiable Information to maintain, records of any known or suspected Security Incidents pertaining to the Personally Identifiable Information in accordance with all commercially accepted industry practices, and will make such records, or will cause them to be made, reasonably available to Customer upon request.

3.4 Supplier will immediately develop and provide to Customer, or cause to be developed and provided to Customer, a plan to cure any deficiency which led to the Security Incident to a level deemed necessary to prevent another Security Incident of similar origin. Customer will review the plan, and if approved, Supplier will implement, or cause to be implemented, the plan within a mutually agreed-upon time frame at no cost to Customer. If Customer determines that the deficiency cannot be reasonably cured, Customer may, pursuant to Section 5 in this Exhibit, terminate the affected Services, or the Agreement, without further obligation to Supplier and Supplier will provide a refund to Customer for any Services for which Customer has paid but will not have received by the termination date.

4. Security Review and Audit.

4.1 Supplier will promptly respond to inquiries from Customer related to Supplier's information security program and practices and Supplier's compliance with any of Customer's Supplier Information Security Standards, as may be necessitated by Customer from time to time to ensure the confidentiality, integrity and availability of Customer Data.

4.2 Supplier will, at Supplier's sole expense, have a qualified independent third party conduct testing of Supplier's information security controls; such testing will include (1) a SOC 2 type II audit, (2) a network Penetration Test, and (3) an application Penetration Test. Supplier will provide, at a minimum, an overview of the testing conducted, containing the scope, methodology and summary of findings of third party testing to Customer promptly upon Customer's request (including in advance of execution of the Agreement, if requested). "Penetration Test" means a test manually validated by qualified staff to determine whether and how a malicious user can gain unauthorized access to assets that affect the fundamental security of a system or files and must confirm that applicable controls to prevent such unauthorized access are in place. All

Penetration Tests must meet or exceed applicable industry standards, such as PCI DSS Penetration Testing Guidance, OWASP Application Penetration Testing, or PTES Technical Guidelines.

4.3 Supplier will allow, at any time while this Exhibit is in effect and upon reasonable notice, during normal business hours and with each party bearing its own expense, Customer's internal and external auditors, accountants, or any regulator with jurisdiction over Customer Data, or the designee of such regulator (collectively, "Auditors") to examine: (a) any third party test of Supplier's information security controls; (b) the adequacy of the control environments related to the Services; (c) the performance of Supplier's obligations under this Exhibit, including those related to Customer's Supplier Information Security Standards; and (d) any facilities in which Customer Data is processed. Supplier will provide reasonable assistance in such an examination. If Customer Data has been disclosed to any Sub-processor for Processing, then Supplier will ensure that the Auditors are permitted to conduct examinations of such Sub-processors as described in this Section 3 in this Exhibit to the same extent as they would be permitted to provide examinations required of Supplier as set forth herein.

4.4 If the review or examination indicates that the performance of Supplier's obligations does not materially comply with the obligations of this Exhibit, all Supplier Information Security Standards, then Supplier will immediately develop and provide to Customer a plan to improve the deficient performance to the level deemed acceptable by such an examination. Customer will review the plan, and if approved, then Supplier will implement the plan within a mutually agreed-upon time frame at no cost to Customer. If Customer determines that the issues cannot be reasonably mitigated, then Customer may terminate the affected Services, or the Agreement, without further obligation to Supplier. In either case, Supplier will reimburse Customer for reasonable costs and expenses incurred in connection with the audit.

5. Miscellaneous.

5.1 Interpretation. Unless otherwise expressly set forth herein, the terms of this Exhibit will control in the case of any conflict with the terms of the Agreement.

5.2 Construction. Any provision which is required to be made part of this Exhibit or the Agreement by virtue of any Legal Requirement is incorporated herein by reference. This Exhibit and the Agreement will be construed in a manner that most favorably facilitates Customer's compliance with all Legal Requirements.

5.3 Amendment. To the extent that any relevant provisions of any Legal Requirement is materially amended in a manner that changes the obligations of Customer, Supplier, Customer's customers or prospects, or an end user, this Exhibit will be automatically amended to comply with the Legal Requirement as amended.

Communications and Operations Management: The IT organization manages changes to the corporate infrastructure, systems and applications through a centralized change management program, which may include, testing, business impact analysis and management approval where appropriate. Incident response procedures exist for security and data protection incidents, which may include incident analysis, containment, response, remediation, reporting and the return to normal operations. To protect against malicious use of assets and malicious software, additional controls may be implemented based on risk. Such controls may include, but are not limited to, information security policies and standards, restricted access, designated development and test environments, virus detection on servers, desktop and notebooks; virus email attachment scanning; system compliance scans, intrusion prevention monitoring and response, logging and alerting on key events, information handling procedures based on data type, e-commerce application and network security, and system and application vulnerability scanning.

EXHIBIT 8

SUPPLIER SECURITY INFORMATION SECURITY STANDARDS

1. Supplier Security Information Security Standards**2. Network Access**

Supplier and its subcontractors will execute a "Network Access" Agreement (attached hereto as Attachment 1 to this Exhibit 8 and hereby made a part of this Agreement). In addition, Supplier will cause all of its Supplier Personnel with access to Customer Systems to execute a "Network" Access Terms Agreement ("NEAT") (attached hereto as Attachment 2 to this Exhibit 8 and hereby made a part of this Agreement).

ATTACHMENT 1 TO EXHIBIT 8

NETWORK ACCESS AGREEMENT

NCR CORPORATION ("NCR") of **864 Spring St. NW, Atlanta, GA 30308-1007**, plans to grant the party identified below ("you") access to certain of its internal computer programs, systems, and communications networks through the NCR Portal or Reverse Proxy web sites, or other means approved by NCR (collectively, "NCR Resources"). This Agreement sets forth the terms and restrictions that will apply to that access.

1. This Agreement is effective as of _____, 201__, and will continue to be in effect and binding against both parties until either party gives notice of termination to the other as provided herein. NCR may terminate this Agreement without cause at any time without advance notice to you, or modify the Attachment at any time upon written notice. You may terminate this Agreement at any time without cause upon written notice to NCR. Upon termination of this Agreement, you will immediately cease accessing all NCR Resources; provided however that such termination will not affect your obligations with respect to Confidential Information as set forth herein. The parties shall provide any notice required under this Agreement to the other party's Contacts as identified in Attachment A. Either party may change its Contacts upon written notice.

2. NCR grants you the right, through your Authorized Employees and subject to all the terms of this Agreement, to access certain NCR Resources solely for Permitted Uses. Your Authorized Employees, the NCR Resources and Permitted Uses are identified in Attachment A. You are responsible for all costs and expenses you incur in accessing the NCR Resources.

3. You will permit only Authorized Employees to have access to NCR Resources. Any use of NCR Resources by other persons, or for other than the Permitted Uses, is prohibited and may subject you to civil and criminal prosecution. Prohibited uses include, but are not limited to, the following: (a) using unauthorized NCR Resources; (b) exhausting network resources; (c) modifying, viewing, copying, deleting, or obtaining programs or data if not authorized to do so; (d) storing, installing, or transferring any program or data on or through NCR Resources, other than as part of the Permitted Uses; (e) causing NCR to incur fees or service charges; (f) changing the configuration or topology of NCR Resources; (g) performing any type of network scan, security test, or audit; and, (f) installing or implementing any type of program that can be used to remotely control or access any NCR infrastructure, systems or data. You will immediately notify the NCR Contacts by telephone, as well as immediately provide written notice to the NCR Contact, should you become aware of any potential or actual prohibited uses of NCR Resources and will reasonably cooperate with NCR in the investigation thereof.

4. You agree to comply with all instructions NCR gives you concerning access to NCR Resources and the information accessible therefrom. You agree that you and your Authorized Employees have no expectation of privacy when using or accessing NCR Resources and the information accessible therefrom, and that NCR may access, review, use, copy, or delete your messages and files for any purpose and to disclose them to any party it deems appropriate. You represent and warrant that all Authorized Employees are subject to confidentiality obligations consistent with this Agreement, and that you will inform them of their obligations under this Agreement.

5. NCR will provide Authorized Employees with passwords and other information ("Access Information") necessary to enable them to access the NCR Resources. You will not, nor will you permit Authorized Employees to, disclose Access Information to any other person (including but not limited to your other employees) without NCR's written consent. You will ensure that Authorized Employees comply with the policies governing passwords, as well as network and information security, which NCR will provide to you. NCR may update or revise such policies upon written notice to you. If NCR provides Access Information for the purpose of controlling the Access Information of other Authorized Employees, you will use this capability

to ensure that users are terminated from the system as soon as their status as an Authorized Employee changes – in no event shall this timeframe extend beyond 24 hours from the time of status change. By creating Access Information for other users, you assume responsibility for the user to whom the access is granted and for actions taken by these users while accessing the NCR Resources.

6. “Confidential Information” is: (a) this Agreement; (b) all Access Information; and (c) all information that NCR furnishes to you from, about, or through NCR Resources that NCR has marked “confidential” or the like. You agree to take all reasonable precautions to maintain the confidentiality of Confidential Information except to the extent that (i) NCR authorizes you in writing to disclose it; (ii) NCR releases it to the public; (iii) a court or government agency lawfully orders you to disclose it, and you have given NCR notice of the order in time for NCR to contest it; or (iv) you already knew the information contained in the Confidential Information or have independently developed it. You may use Confidential Information only for the Permitted Uses. You may not copy or store Confidential Information on your computer systems, or make copies in any form of source code or source-level documentation, unless the Permitted Uses specifically include the right to make such copies. All Confidential Information, including copies thereof, is and remains NCR’s property, and upon termination of this Agreement or the earlier written request of NCR, you will promptly return all copies thereof to NCR or, at NCR’s request, will destroy all copies thereof furnished to you.

7. Unless otherwise noted, NCR is the owner of all trade names, logos and trademarks referenced on the NCR Resources or contained in the information accessible therefrom (“NCR Marks”). You acknowledge that you have no proprietary interest in any NCR Mark and you agree that you may not use the NCR Marks for any purpose without the express written agreement of NCR.

8. The NCR solutions, products and services referenced in the information accessible from the NCR Resources may not be available in all countries and NCR makes no representation that the information and other materials promoting such solutions, products and services are appropriate or available for use in all countries. The NCR Resources are operated by NCR from the United States and you agree to comply fully with all applicable export laws and regulations of the United States (“Export Laws”) to assure that neither the NCR Resources, nor any product thereof, are (a) exported, directly or indirectly, in violation of Export Laws; or (b) are intended to be used for any purpose prohibited by the Export Laws, including, without limitation, nuclear, chemical or biological weapons proliferation.

9. NCR may, in its sole discretion and without notice to you, make changes, improvements and/or updates to its solutions, products and services, as well as the information about such solutions, products and services that is accessible on or from the NCR Resources.

10. NCR GRANTS YOU ACCESS TO NCR RESOURCES and the information accessible therefrom (including without limitation, confidential information) ON AN “AS-IS” BASIS WITHOUT WARRANTY OF ANY KIND. ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, TITLE, AND FITNESS FOR INTENDED PURPOSE ARE HEREBY EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL NCR BE LIABLE TO YOU FOR ANY DAMAGES OF ANY NATURE WHATSOEVER ARISING OUT OF YOUR ACCESS TO, USE OF, OR RELIANCE UPON, NCR RESOURCES OR THE INFORMATION ACCESSIBLE THEREFROM.

11. YOU WILL BE LIABLE FOR, AND YOU WILL INDEMNIFY, DEFEND, AND HOLD NCR HARMLESS FROM, ANY SUITS, PROCEEDINGS, CLAIMS, AND DAMAGES (INCLUDING COSTS AND ATTORNEYS FEES) SUSTAINED BY NCR ARISING OUT OF YOUR ACCESS TO, OR USE OF, NCR RESOURCES.

12. New York law (excluding its choice of law rules) governs the interpretation and enforcement of this Agreement. You may not assign or transfer the rights granted under this Agreement, nor may you delegate your obligations or responsibilities hereunder, without NCR’s written consent.

13. If any provision of this Agreement shall be held to be illegal, invalid, or unenforceable, it shall be enforced to the maximum extent permissible so as to affect the intent of the parties, and the remaining provisions shall remain in full force and effect.

14. This is the complete agreement between the parties regarding your access to NCR Resources; provided, however, that to the extent you and NCR are parties to an existing reseller, distributor or referral agreement, this Agreement shall supplement the terms and conditions thereof. In the event of any conflict between or among the terms and conditions of this Agreement and any other you may have with NCR, this Agreement shall control with respect to your access to and use of the NCR Resources. A waiver or amendment of any provision of this Agreement may only be made in writing signed by the authorized representatives of both parties.

Agreed and Accepted:

JABIL INC NCR CORPORATION

By: __ By: _____

Printed: __ Printed: __

Title: __ Title: __

Date: __ Date __

ATTACHMENT A TO NCR NETWORK ACCESS AGREEMENT

The Authorized Employees are (include name, title, and facility or location):

The NCR Resources which Authorized Employees may access are (include program and/or system name, location, and any other necessary identifying information):

The Permitted Uses which you may make of NCR Resources and Confidential Information are:

Check the appropriate box:

You **are** **are not permitted** to make copies on your own computer systems of NCR Confidential Information, solely for the Permitted Uses.

NCR Contact: _____

Your Contact: _____

Name : _____

Name: _____

Address: _____

Address: _____

Fax: _____

Fax: _____

Phone: _____

Phone: _____

E-mail: _____

E-mail: _____

With a copy to:

NCR Corporation

Attention: General Counsel/Notices

864 Spring St. NW
Atlanta, GA 30308-1007
law.notices@ncr.com

ATTACHMENT 2 TO EXHIBIT 8
NETWORK ELECTRONIC ACCESS TERMS ("NEAT")

Company providing service, ("Company"): _____

Relationship with NCR (circle one): Consultant, Contractor , Other

Individual to be given access: _____

Last Name First Name Middle Initial

Primary NCR contact (sponsoring manager) for the above named individual: _____

Department Name: _____ FML Org. code: _____

I am employed by (or work under contract with) the Company listed above, and in order to perform my work for the Company I will require access to NCR computer systems and networks, its subsidiaries, affiliates, business partners and/or customers, referenced as "NCR Systems." In consideration of the right to access NCR Systems, I personally agree that:

1. I will use only the login ID and passwords assigned to me by NCR when I am accessing NCR Systems;
2. I will logoff NCR Systems immediately upon completion of each session of service;
3. I will not allow any other individual to access NCR Systems;
4. I will keep strictly confidential the log-in ID, passwords and all other information that enables such access;
5. I will not intentionally access any information or data without specific access authorization from NCR;
6. I will review and comply with NCR's Information Protection Practices, which are available on the NCR Information Security Web page;
7. I will not intentionally spread viruses and other malicious computer code to NCR Systems;
8. I will connect to the public Internet for NCR business purposes only;

- 9. I will always identify myself as a contracted service provider of the Company and not imply in any way that I am a NCR employee;
- 10. I will not copy or transmit NCR's data to non-NCR individuals or organizations without specific written authorization by NCR;
- 11. I will not install software on any NCR System that is not licensed by NCR and approved by my Sponsoring NCR manager;
- 12. I will not create any alternate means to access NCR Systems;
- 13. I will upon completion of my engagement with NCR or upon NCR's request, return all documents and other assets provided to me by NCR and discontinue accessing NCR Systems; and
- 14. I will not use information obtained by accessing NCR Systems in a competitive situation with NCR.

I further agree that all knowledge and information which I may acquire from NCR, or from NCR's employees or consultants, or from access to NCR Systems or its premises pertaining to NCR Corporation's business plans, strategies, inventions, designs, methods, systems, improvements, trade secrets and other confidential, secret or proprietary matters, shall for all purposes be regarded as strictly confidential and held in trust solely for NCR's benefit and use, and shall not directly or indirectly disclose to any person other than to NCR without NCR's written consent.

By signing below I acknowledge I have read and fully understand the terms of this Agreement. In addition, I understand I am agreeing to be bound by these terms as I perform work for the Company, which is legally obligated to comply with these terms. Violations of this agreement may result in legal action, including injunctive relief and civil damages, and/or criminal prosecution.

Signature: _____ Date: _____

Witness: _____ Date: _____

EXHIBIT 9

SPECIAL SAFEGUARDS FOR COMPETITIVE SECURITY

Purpose:

This Special Safeguards for Competitive Security exhibit ("Safeguards") establishes Jabil's minimum-security standards as part of the Services. As the Supplier, Jabil is expected to meet or exceed the requirements herein in order to better safeguard Customer's Intellectual Property and confidential information and to help ensure the integrity of the manufacturing line.

The Safeguards will be incorporated in the Jabil and NCR Master Services Agreement ("Agreement"). Unless otherwise defined herein, all terms beginning with a capital letter which are defined in the Agreement shall have the same meanings herein as therein. The Safeguards should then be integrated into the Jabil's own security program when working on projects assigned by Customer.

EP: Engineering Pilot

FEP: Final Engineering Pilot

PP: Production Pilot

PS: Production Start

EME: Excess Material Exposure

1. Basic Physical and Environmental Security

1. Supplier maintains a written physical security policy addressing internal and external risks. Supplier's management team reviews and updates Supplier physical security policy on an annual basis. Supplier designates a representative or team in charge of overseeing site physical security.
2. Supplier ensures secure facility perimeters and controls access in and out of the facility:
 - 2.1. All external facility entry points are secured through use of gates, locks, electronic access control, security personnel, and/or other appropriate solutions; facility access is restricted to Supplier personnel and authorized visitors, suppliers, and contractors; external facility entry points are monitored by CCTV.
 - 2.2. Supplier maintains written visitor management procedures:
 - 2.2.1. Supplier positively verifies the identity of all visitors, suppliers, subcontractors, and drivers before permitting entrance to Supplier facility;
 - 2.2.2. All visitors sign in and out of the facility and are issued visitor passes while on premise;
 - 2.2.3. Visitor passes are worn prominently while on premise;
 - 2.2.4. Visitors are escorted while on premise;

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- 2.2.5. Supplier personnel prevent, challenge, and/or report unauthorized facility entry, unescorted individuals, or anyone seen not wearing visible identification while on premise.
- 2.3. Outgoing vehicles are regularly inspected to prevent removal of Customer materials or assets. All vehicles removing scrap, recyclable products, and garbage are observed while being loaded.
- 2.4. Outgoing employee bags and containers are regularly inspected to prevent removal of Customer materials or assets.
3. All Supplier personnel are issued identification badges; identification badges are worn prominently while on premise.
4. Supplier maintains written procedures to monitor and control the possession of keys, key cards, and other access devices.
5. Supplier implements measures to limit, secure, and restrict access to high risk internal areas through the use of appropriate security measures. Supplier utilizes access control solutions (physical, electronic, and/or personnel-based) and CCTV coverage in the following internal locations:
 - 5.1. All areas storing Customer finished goods, including the finished goods warehouse
 - 5.2. Container loading bays and shipping areas
 - 5.3. Materials receiving areas
 - 5.4. Engineering department areas
 - 5.5. Designated EP/FEP assembly areas
 - 5.6. Designated storage areas for EP/FEP/PP items
 - 5.7. Quality/Product Integrity lab areas
 - 5.8. Scrapping areas
 - 5.9. Designated areas storing Customer EME
 - 5.10. Designated areas storing Customer tooling/molds
6. Supplier regularly tests all CCTV, access control, alarms, and other technical/electronic security systems to ensure such systems are fully functioning.
7. Information Technology Security Provisions:
 - 7.1. Jabil will protect the customers confidential information commensurate with cybersecurity requirements provided by NCR to Jabil. NCR is obligated to notify Jabil of which NCR data, provided to Jabil as part of this business arrangement, regarding which data is considered NCR confidential.
 - 7.1.1. Network security controls will include Intrusion Detection Systems, Intrusion Prevention Systems and Firewalls
 - 7.1.2. Host based security will consist of controls such as Anti-Virus and Data Loss Prevention.
 - 7.1.3. Administrative controls consist of Cybersecurity policies and standards that are reviewed annually.
8. Customer specific requirements:

8.1. Supplier will provide to Customer any extraordinary costs for such security measures in the form of a detailed quotation. Customer will be responsible for payment for all mutually agreed costs for such extraordinary measures required per Customer's requirements.

8.1.1.Extraordinary measures may include but not limited to special security access control, physical walls, specific/isolated equipment to Customer specific manufacturing areas, etc

9. Supplier will notify and request any production line visits by any potential competitors.

EXHIBIT 10

TERMINATION/EXPIRATION ASSISTANCE

To be completed by mutual agreement by May 31, 2018

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EXHIBIT 11

GOVERNANCE AND RELATIONSHIP MANAGEMENT

- a) Each party shall designate an executive to be its Principal Representative in connection with performance under this Agreement. The initial executives are: _____ for Customer and _____ for Supplier.
- b) Each party shall designate an Account Executive to be its primary relationship manager in connection with performance under this Agreement. The initial Customer Account Executive will be _____ and the initial Supplier Account Executive will be _____.
- c) Either party shall have the right to change participants in (a) and (b) above although in any case a party's representatives shall always have sufficient seniority and authority for the role, and shall be reasonably acceptable to the other party.
- d) The Account Executives will meet regularly during the Term of the Agreement, to discuss the operation of the Services, potential New Services. Any matters that require consensus but cannot be agreed by the alliance managers shall be escalated to the Steering Committee or as otherwise provided herein.
- e) The Steering Committee shall consist of the Principal Representatives, the Account Executives and for Customer, the leaders for Manufacturing Operations, Manufacturing Quality, Supply Chain and Global Sourcing; and for Supplier _____. The Steering Committee shall meet whenever requested by either party, and in any event not less often than once per quarter. Minutes of meetings of the Steering Committee are to be taken by the Customer Account Executive and circulated to all persons attending the Steering Committee meeting as promptly as practicable after the meeting.
- f) Each party may invite such party's representatives to the meetings of the Steering Committee as it deems appropriate for the furtherance of the goals of the meetings provided that the representative(s) they have invited does not interfere with the efficient organization or running of meetings. The parties will each advise its representatives of the confidential nature and obligations under this Agreement and not to use any Confidential Information (as defined in the Agreement) for any purpose other than as described in the Agreement.
- g) When the parties are unable to reach consensus on certain matters, as identified in this Agreement, the Principal Representatives from each party shall discuss and if necessary the matter shall be reviewed and decided mutually in a meeting between the Steering Committee and each party's respective CEO or designee ("**Executive Decision Procedure**"). If the Executive Decision Procedure does not result in agreement within thirty (30) days after submission of a matter then the Dispute provisions in the Agreement will govern

EXHIBIT 12

HUMAN RESOURCES PROVISIONS

To be completed by mutual agreement by May 31, 2018

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EXHIBIT 13

PARTIES' COMPETITORS

For each entity listed below, including all of the entity's group companies:

Customer Group Competitors:

- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]

EXHIBIT 14

INVENTORY DEPOSIT AGREEMENT

Inventory: Jabil has modeled and will maintain inventory levels on the NCR account at [****] or less. Should NCR's business requirements and/or demand changes drive inventory levels that exceed [****] of supply ("DOS"), any excess inventory over that calculated amount will be offset by an Inventory Balance Deposit. How to manage defined below:

Days of Supply (DOS): total days of adjusted inventory on hand as defined by the DOS calculation. DOS shall be determined by dividing the total month ending inventory less any balance deposit monies by [****] MRP (as defined below) multiplied by two for annual usage and divided by 365 for average daily forecast inventory requirements.

Target DOS: [****]

Parameters:

IOH – Total Inventory day 1 of the second month of the calendar quarter (Feb 1, May 1, Aug 1, Nov1)

DEP – Balance of any deposit made by Customer during the previous adjustment

[****]

MRP- Forecasted 3 month demand (M1 + M2 + M3)

Calculation: [****]

Example 1:

Month end Jabil owned inventory (IOH): February 1 = \$4,000,000

Balance deposit (DEP): \$250,000

[****]

MRP demand per NCR's ROP forecast February + March + April = \$6,300,000

DOS = [****]

[****]

Example 2

IOH February 1 = \$4,000,000

DEP = \$600,000

[****]

MRP = \$6,800,000 (February + March + April)

[****]

Cash Payment: Payments will be made by electronic transfer [****].

EXHIBIT 15:

SUPPORT SERVICES

TO BE ADDED BY MUTUAL AGREEMENT OF THE PARTIES BY 31 MAY, 2018

EXHIBIT 16**CUSTOMER SUPPLIED SOFTWARE AND LICENSE TERMS****LICENSE AGREEMENT****Effective Date: April 12, 2018**

This Exhibit supersedes the License Agreement ("Agreement") signed by NCR Corporation ("NCR"), located at 864 Spring St NW, Atlanta, GA 30308-1007, and Jabil, Inc., located at 10560 Dr. Martin Luther King, Jr. St. N., St. Petersburg, Florida 33716 (together with its Affiliates, "you" or "Licensee"), effective as of April 12, 2018, and states the terms under which NCR agrees to license certain software and other proprietary materials to you, and the rights you will receive with respect to those materials.

1. Introduction

1.1 The parties are entering into this Agreement, and this Agreement governs your access and rights to possess and use the Code for purposes of providing Services (as defined below) pursuant to the Manufacturing Services Agreement which the parties intend to sign by the end of April, 2018 (the "MSA"). "Code" means the specific NCR computer software source code and related documentation for two NCR manufacturing software tools, [****] and [****] as further described in Attachment A. The parties are entering this Agreement in furtherance of the Manufacturing Services Agreement and to enable Licensee to prepare to begin providing the Services to NCR. "Services" has the Agreement.

1.2 "Executables" are copies of the specific NCR (a) executable programs in object code form created by compiling or otherwise transforming human-readable source code files; (b) files in human readable languages (such as interpreted or scripting languages) which are transformed into executable form at run time; and (c) configuration and similar files used as inputs to NCR-specific tools used in the compilation process. As the context, may require, Executables include copies of the Code which were created and provided to you by NCR pursuant to another license agreement.

1.3 The uses you may make of the Code and Executables hereunder are strictly limited to the license grants in Section 2 and Attachment B. The term of your licenses hereunder are stated in Section 8 and Attachment B.

1.4 In addition to the Code, NCR will provide you with portal access to [****] hereunder for up to 12 named users.

2. License Grant

NCR grants you the following personal, non-exclusive and non-transferable licenses. NCR and its licensors reserve all ownership and other rights related to the Code, and grant you no rights to it hereunder other than as expressly stated in this Section 2. The licenses granted by this Section 2 are cumulative with one another, but each is limited to the uses permitted by, and is subject to any restrictions contained in, Attachment B.

License to Possess. NCR grants you a license hereunder, solely in furtherance of your providing services to NCR under the Manufacturing Services Agreement, to possess, copy, and install the Code only on the systems and at the location(s) stated in Attachment B.

License to Modify and Build. NCR grants you a license hereunder to use or modify the Code by [****] to create Executables based on the Code. NCR grants you a limited license to possess, copy, install, and use Executables solely in furtherance of your providing services to NCR under the Manufacturing Services Agreement, and solely at the location(s) stated in Attachment B.

License to Access. NCR grants you a license hereunder to have up to 12 named users who are your employees electronically access [****] through NCR-approved interfaces subject to NCR's then-current access and security requirements solely in furtherance of your providing the Services to NCR under the Manufacturing Services Agreement.

3. Fees

The licenses granted in Section 2 are granted to enable you to more quickly and efficiently provide the Services to NCR under the Manufacturing Services Agreement; no separate fees are payable.

4. Support and Updates

NCR will deliver the Code to you at the version and release level stated in Attachment A. NCR will provide knowledge transfer, training and support as described on Attachment C. Any updates, fixes, corrections, or enhancements to the Code which NCR provides will be subject to this Agreement.

5. Ownership of Intellectual Property

The Code is confidential and is the property of NCR and its licensors. All modifications, translations, or derivatives of the Code and any creations or inventions they incorporate will be owned by NCR. Subject to the licenses granted in Section 2, you hereby assign your right, title, and interest in them to NCR.

6. Nondisclosure and Protective Measures

6.1 You will treat the Code with the same degree of care as you use to protect your own proprietary source code. You will keep the Code, and all information and materials provided by NCR as part of the services it provides under Attachment C, strictly confidential and may disclose it only on a need-to-know basis to your employees, and with NCR's prior written consent, to your named consultants or contractors. Prior to giving them access to the Code, you will require each to execute an agreement in the form of Attachment D.

6.2 You will store, access and use the Code hereunder only in compliance with NCR's security requirements set forth in Attachment E. Under no circumstances will you permit remote access to the Code provided hereunder via any means (including laptop, network or removable media) without NCR's written consent.

6.3 NCR may inspect your related books, records, and facilities at the location(s) to verify your compliance with the confidentiality and intellectual property protection, ownership and compliance with the terms of this Agreement. Inspections will occur not more than once annually upon at least ten business days notice, and will be conducted during normal business hours; provided that if NCR reasonably believes you have violated of your nondisclosure or intellectual property obligations, it may reasonably conduct an inspection during normal business hours. Without waiving NCR's right to any remedy to which it may be entitled, the parties agree to undertake all action reasonably necessary to correct any deficiency disclosed by an inspection.

6.4 You may not transfer, deliver, or access the Code or derivatives (including Executables) outside the United States, other than the location listed in Attachment B, without NCR's prior written consent. If NCR grants such consent, you will be solely responsible for payment of any taxes, duties, or levies that may result, and for compliance with all United States and other export and import laws and regulations

6.5 The obligations and NCR's inspection and consent rights, under this Section 6 will survive termination and will continue so long as you possess any copy of the Code or any derivative thereof.

7. Limited Warranty

7.1 Because the Code provided hereunder was created by NCR primarily for its internal use and not for use by third parties, NCR makes no warranty other than that the Code as delivered to you includes the

components described in Attachment A. IN ALL OTHER RESPECTS, THE CODE IS PROVIDED "AS-IS" AND WITHOUT WARRANTY OF ANY KIND. THERE ARE NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO OTHER WARRANTIES OR WARRANTY REMEDIES, ORAL OR WRITTEN, EXPRESS OR IMPLIED. NCR does not warrant that the Code may be successfully compiled or used without additional components, tools, or other products; that the Code will yield any particular business or financial results; or that it will be free from all bugs and errors. Notwithstanding the foregoing, NCR and Licensee acknowledge and agree that in the event any Code, Executables or [****] fails to compile or operate properly, NCR and Licensee will cooperate with one another to facilitate performance under the Manufacturing Services Agreement.

ATTACHMENT A
THE CODE

[****] comprises of the key following components: -

- 1. [****]
- 2. [****]
- 3. [****]

[****]

[****]

The source code is stored in the following location if required for legal reasons

[****]

[****] comprises of the following components

- 1. [****]
- 2. [****]
- 3. [****]
- 4. [****]

NCR Internal Source code location

[****]

Solution Summary:

The [****] application provides build instructions to assembly line workers in ATM manufacturing plants. Both written and graphical instructions are provided. [****] This is the only indication of the features required that is available to assembly line workers. It is also used to [****].

[**] Application Solution Overview**

The version of the [****] code that will be provided to Licensee on a DVD will be release 6.1. NCR will have a copy in their source control system [****] of this version provided to Licensee.

[****]

[****]

ATTACHMENT B
PERMITTED USES

State the location(s) where the Code will be stored, if applicable to the specific system level.

Jabil site – [*****]

Licensee is allowed to modify its copy of the source code to meet its language localization, system integrations and user authentication per their plant requirements. Licensee at that point of time will be maintaining their own version of the source code since it will be customized to meet their needs.

Financial

Windows 7, NCR Financial Core – Pocono, Riverside, Estoril.

Retail

Windows 7, Windows 10, PC Hardware Platform.

[*****] Technology Components that are certified by NCR at the time of this contract:

[*****]

[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]

Recommended Hardware requirements:

[*****]

Storage Used space is as of Mar 22nd 2018.

The licenses granted in this Agreement will commence on the Effective Date and will terminate:

1. NCR may terminate this Agreement and all rights granted under it immediately on written notice at any time prior to the parties having entered into the intended Manufacturing Services Agreement.
2. Once the parties have entered into the Manufacturing Services Agreement, this Agreement will automatically terminate upon the expiration or termination, for whatever reason, of the Manufacturing Services Agreement, but may, at NCR's option, be extended through the period of time during which you are providing termination assistance to NCR.

-

ATTACHMENT C
TRAINING, MAINTENANCE AND SUPPORT

[****] Support:

NCR will provide technical training for the technical components [****]. NCR will assist Licensee with the system installation as needed and with system validation testing to support a successful go-live. Ongoing technical support needs will be assessed after the successful implementation of [****] at Licensee and be agreed upon by both parties.

[****] Platform Support:

Global Test Engineering will supply system images containing all pre-requisites components, the [****]. Training will consist primarily of WebEx training sessions and where needed comprehensive on-site training and source code review with the developers of the software.

A support structure will be defined by NCR once all systems are operational.

EXHIBIT 17

DEVELOPMENT SERVICES

1. STATEMENT OF WORK

1.1 This Exhibit will be implemented through one or more Statements of Work in a format as set forth on Appendix 1 to this Exhibit entered into from time to time by Customer and the Supplier for the provision of Work Product (as defined below) and related services. This Exhibit will prevail and take precedence over all terms and conditions that are preprinted, typed, stamped or handwritten on any quotation form, invoice, acknowledgment form, or purchase order utilized by either party in the transactions covered by this Exhibit.

1.2 Each Statement of Work specifies a development to be performed under this Exhibit and will be accompanied by a corresponding specific purchase order. Each Statement of Work shall become effective only when executed by both parties. Each Statement of Work entered into under this Exhibit shall be construed to incorporate the provisions of, and to be governed by, this Exhibit.

1.3 Supplier shall furnish services and develop for NCR the Work Product in accordance with the requirements and specifications set forth in the Statement of Work and by this reference made a part hereof, and NCR hereby retains Supplier to render said services during the term of this Exhibit.

1.4 The Work Product shall be developed and delivered to NCR in accordance with the Development Schedule set forth in the Statement of Work.

1.5 The term "Work Product," as used in this Agreement, refers to all items in tangible and intangible form, including works of authorship, programs, derivative works, source code, object code, ideas, techniques, methods, processes, documentation and materials, included in a deliverable (or equivalent term) described in a SOW ("Deliverable") that Supplier (including its employees, agents or subcontractors) creates, prepares or delivers to NCR, as well as all inventions and discoveries made in the course of creating, producing, conceiving, making, proposing, developing or preparing such items, but in each case excluding Supplier IP (as defined in the Agreement).

2. PROJECT MANAGEMENT / PROGRESS REPORTS

2.1 Customer will appoint an NCR Project Coordinator, as identified in a Statement of Work, who will provide Customer's requirements, serve as Customer's single point of contact with respect to interfacing with the Supplier, perform project reviews and determine the acceptability of the services and any Work Product that the Supplier furnishes hereunder. The Supplier will direct all communications to the NCR Project Coordinator. Customer may change its Project Coordinator upon written notice to the Supplier.

2.2 The Supplier will assign a Project Manager, as identified in a Statement of Work, who will regularly meet with NCR personnel on matters pertaining to a Statement of Work, and who will procure, manage and direct the Supplier's resources as requested by the NCR Project Coordinator and as defined in a Statement of Work.

2.3 The Supplier agrees to provide NCR with weekly progress meetings at a time mutually convenient to both parties, to demonstrate the status of the services being rendered hereunder. Such periodic review meetings will be for the purpose of:

- (i) Reviewing the progress of the services being performed by the Supplier.

(ii) Discussing and resolving any problems occurring during the performance of services by the Supplier.

(iii) Formulating, if necessary, details or services to be rendered after such meetings.

Additional regular face to face meetings will be held (frequency to be agreed) and extraordinarily if reasonably requested by either party.

2.4 During the course of any development, the Supplier shall collect project metrics to keep track of and manage the performance of any development. At the request of NCR, the Supplier shall be required to provide details of the metrics collated during the course of the development work undertaken pursuant to a Statement of Work in at least the following areas plus any other relevant areas defined by the NCR Project Co-ordinator:

- (i) Cost
- (ii) Quality e.g. defect tracking and size
- (iii) Schedule

The Supplier shall further be expected, at the request of NCR, to take part in a de-brief session with NCR at the end of any development work undertaken pursuant to a Statement of Work.

3. SUPPLIER WARRANTIES AND VERIFICATION

3.1 The Supplier warrants and represents to NCR that:

(a) in carrying out the services described in this Exhibit and all Statements of Work issued hereunder, that Supplier will utilize industry-standard technical practices, skills, procedures, care and judgment will be employed; the services will be performed in the most expeditious and economical manner consistent with the NCR's best interests; and the Supplier will at all times reasonably cooperate with NCR so as to further NCR's best interests;

(b) The Supplier will provide Work Product(s) that conform to the Specifications contained in the relevant Statement of Work, and as otherwise mutually agreed upon between NCR and Supplier in writing, and any failure to materially conform to the Statement of Work or the Specifications due to a material breach by Jabil shall be considered a defect ("Non-Conformance"). This warranty shall be deemed satisfactorily met upon the acceptance of a Deliverable under Section 3.3;

(c) The Supplier will provide the services in a timely fashion per the schedule set forth in the applicable Statement of Work;

(d) Other than for material supplied by Customer, that: (a) the Work Product will be the original work of the Supplier; and (b) the Supplier possesses all necessary right, title and interest in the Work Product necessary for the Supplier to grant to NCR the rights and licenses stated in this Exhibit; and (c) any information that the Supplier includes in a Deliverable does not misappropriate any third party confidential information or violate any third party copyright;

(e) The Supplier is under no obligation or restriction, nor will assume any, that would interfere or present a conflict of interest with the services performed hereunder;

(f) The Supplier has not and will not pay, offer or promise to pay, or authorize the payment directly or indirectly through any other person or firm, anything of value (in the form of compensation, gift, contribution, or otherwise) to (a) any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, for the purpose of inducing or rewarding any favorable action by the customer in any commercial transaction or in any governmental matter; or

(b) any government official, political party or official of such party, or any candidate for political office, for the purpose of inducing or rewarding favorable action or the exercise of influence by such official, party or candidate in any commercial transaction or in any governmental matter. NCR has the right to audit Supplier from time to time to satisfy itself that no breach of the representation and warranty in this Section 3(f) has occurred. Supplier will cooperate fully in any audit conducted by or on behalf of NCR.

3.2 NCR shall verify each Deliverable upon receipt and shall give Supplier written notice of any rejection of a Deliverable for Non-Conformance within thirty (30) days following NCR's receipt of the Deliverable ("Acceptance Period"). Such written notice of rejection shall include a reasonably detailed and complete description of NCR's basis for asserting the alleged Non-Conformance ("Notice of Non-Conformance"). If NCR fails to provide such Notice of Non-Conformance to Supplier within the Acceptance Period, such Deliverable shall be deemed accepted by NCR and any corresponding milestone completed. If Supplier determines that any such Deliverable does in fact contain a Non-Conformance; then Supplier shall correct such Defect at no additional charge to NCR for correction efforts and redeliver the corrected Deliverable as soon as commercially practicable. If NCR fails to provide such Notice of Non-Conformance to Supplier within the Acceptance Period, such Deliverable shall be deemed accepted by NCR and any corresponding milestone completed. The acceptance procedures set forth in this Section 3.3 shall apply to any redelivered Deliverable.

3.2.1 In the event that Supplier determines that no Non-Conformance exists, Supplier shall provide NCR with written notice of the same within ten (10) business days following receipt of the Notice of Non-Conformance ("Notice of Disputed Non-Conformance"). The Parties shall use Commercially Reasonable Efforts to resolve such disputes in accordance with the procedures set forth in the Agreement. Any specified times for delivery of such Deliverables set forth herein shall be tolled during any such dispute.

3.3 THE REMEDY SET FORTH IN SECTION 3.3 SHALL CONSTITUTE NCR'S SOLE AND EXCLUSIVE REMEDY FOR A BREACH OF THE WARRANTY MADE BY SUPPLIER HEREIN. EXCEPT FOR THE WARRANTIES PROVIDED UNDER THIS SECTION 3, ALL DELIVERABLES ARE PROVIDED "AS IS" AND THE WARRANTIES SET FORTH IN THIS SECTION 3 ARE IN LIEU OF, AND JABIL EXPRESSLY DISCLAIMS, AND COMPANY EXPRESSLY WAIVES, ALL OTHER WARRANTIES AND REPRESENTATIONS OF ANY KIND WHATSOEVER WHETHER EXPRESS, IMPLIED, STATUTORY, ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR OTHERWISE, INCLUDING, ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR NON INFRINGEMENT. NO ORAL OR WRITTEN STATEMENT OR REPRESENTATION BY SUPPLIER, ITS AGENTS OR EMPLOYEES SHALL CONSTITUTE OR CREATE A WARRANTY OR EXPAND THE SCOPE OF ANY WARRANTY HEREUNDER.

4. OWNERSHIP

The Work Product, the associated design right and any registered design rights, and any portion thereof completed prior to termination of the applicable Statement of Work, this Exhibit, or any renewal thereof, shall be the sole property of NCR. In addition the supplier does hereby assign all copyright in Work Product drawings or other artistic works as well as the copyright in all Work Product literary works to NCR. The Supplier shall promptly disclose and does hereby assign to NCR, its successors and assigns, any and all Work Product inventions, creations, improvements and developments, each whether or not patentable, which it may make or assist in making while performing the work called for under the terms of this Exhibit, or any renewal thereof. In addition the Supplier hereby assigns to NCR, its successors and assigns, all patents, applications for patents, and copyrights for such inventions, creations, improvements, and developments in any foreign country. To the extent that any Supplier IP (as defined in the Agreement) is contained in a Deliverable, Contractor grants NCR an irrevocable, worldwide, nonexclusive, paid-up, royalty-free right and licence under such Supplier IP to use, execute, reproduce, perform, display, distribute, modify and prepare

derivative works of such Deliverable, as well as to authorize others to do any or all of the above on its behalf. The Supplier agrees to do, and to instruct employees as necessary to do, any and all acts and to execute any and all instruments, which NCR may reasonably request to secure to itself any rights relating to such Work Product inventions, creations, improvements, developments, patents, design rights, registered design rights and copyrights in the United Kingdom and in any foreign country.

5. PAYMENT

5.1 NCR shall pay to the Supplier the Development Fee specified in, and in accordance with the payment schedule set forth in the Statement of Work. The Development Fee shall be full payment for services rendered under this Exhibit, unless otherwise set forth herein. Any payment made by NCR shall be used exclusively by the Supplier to satisfy its fees and expenses incurred in performing work under this Exhibit. NCR shall make payment to the Supplier per the terms in the Agreement.

5.2 All computer time and materials necessary for development of the Work Product shall be arranged for by the Supplier at its own expense.

5.3 Travel and other living expenses incurred by the Supplier during the term of this Exhibit shall be borne by the Supplier and not charged to Customer unless otherwise set forth herein. To the extent that NCR has expressly agreed in a Statement of Work to reimburse the Supplier for travel-related expenses, such expenses must be: (a) incurred by the Supplier as a sole result of rendering services hereunder, (b) approved in advance by NCR in writing, and (c) incurred in accordance with Customer's Supplier Travel Guidelines, a current copy of which is included as Attachment 2 to Appendix 1..

5.4 The Supplier's services and Deliverables will be subject to review and acceptance by the Customer Project Coordinator based on the requirements of this Exhibit and the applicable Statement of Work, and final payment will not be due before such acceptance, which will not be unreasonably withheld. The Supplier will correct deficiencies found during such review at no charge to Customer. Any claims that Customer may have under this Exhibit will survive such review, acceptance and payment.

6. TERMINATION

6.1 This Exhibit commences on the Effective Date and continues unless a party terminates the Agreement or this Exhibit in accordance with this Section 6; provided, however, that this Exhibit will remain in effect with regard to any Statement of Work(s) already in effect, unless such Statement of Work(s) is terminated as provided for herein or until performance is completed.

6.2 Customer may terminate this Exhibit and/or any Statement of Work, in whole or in part, (i) without cause and in its sole discretion by providing Supplier with sixty (60) days prior written notice; (ii) immediately for Supplier's breach of Section 3(f) without liability to Customer.

6.3 Either party may terminate any Statement of Work (or any portions thereof) and/or this Exhibit for breach if, after providing the other party with thirty (30) days prior written notice of such breach, the other party has failed to cure within said thirty day period or other mutually agreed upon time.

6.4 Should Supplier become the subject of any proceeding under state or federal law for due relief of debtors or otherwise become insolvent or bankrupt or make an assignment for the benefit of creditors, Customer may, in addition to any other right or remedy, immediately terminate this Exhibit without liability to Customer. Termination of this Exhibit will be deemed effective upon Supplier's receipt of written notice from Customer.

6.5 In the event Customer terminates a Statement of Work, Supplier will comply with all written Customer instructions pertaining to the terminated Statement of Work. Should Customer terminate a Statement of Work in accordance with either Section 6.2 or 6.4, Customer's obligation pursuant to that Statement of Work, and Supplier's exclusive remedy, will be limited to Customer paying Supplier (in accordance with the payment schedule specified in the terminated Statement of Work) for acceptable work completed and not yet paid for

by Customer at the time of such termination. Customer will make such payment, if any, after Customer receives the services and any related Work Product specified in the termination notice or in NCR's written instructions to Supplier.

6.6 Payments which may have been made by Customer to Supplier in advance, which are in excess of amounts due Supplier in accordance with this Section 6, will be refunded on a pro rata basis by Supplier to Customer within thirty (30) days following the effective date of termination to the NCR Project Manager specified in the affected Statement of Work.

6.7 Any property, including hardware or software, that was provided by Customer to Supplier without obligation of payment by Supplier will be immediately returned to the NCR Project Manager specified in the affected Statement of Work in the same condition that such property was received, less normal wear and tear, by no later than the effective date of such termination.

6.8 Sections 3, 4, and 6 of this Exhibit will survive the termination or expiration of this Exhibit or any Statement of Work.

AGREED AND ACCEPTED

STATEMENT OF WORK NO. [_____]
**TO DEVELOPMENT SERVICES EXHIBIT TO
 PURCHASE AGREEMENT**

This Statement of Work dated [_____] by and between NCR Corporation ("NCR") and [_____] ("the Supplier"), is governed exclusively by the terms and conditions of the Purchase Agreement and the Development Services Exhibit ("Agreement") dated [_____] between the parties. In the event of conflict, the order of precedence will be: this Statement of Work, the Exhibit, and then the Purchase Agreement. NCR and the Supplier agree as follows:

1. PROJECT SCOPE

The Supplier will provide the following development services and Work Product :

[the scope should reference back to the particular Specification, e.g. 445-num rev title and date]

In addition, the Supplier will provide NCR with weekly / monthly [Delete as appropriate] written project statements outlining progress towards milestones, key metrics, risks and issues, to keep NCR informed about the Supplier's progress. The Supplier shall also invoice NCR for any payment that may be due in accordance with a Statement of Work.

The Supplier will provide its services at the NCR facility located at [_____].

2. DEVELOPMENT SCHEDULE

<u>Activity</u>	<u>Deliverable Date</u>	<u>Cost (£)</u>
-----------------	-------------------------	-----------------

Total Amount Payable

2.1 Project Schedule Tracking

The development project will be tracked using the milestones detailed in this Section 2.0, unless otherwise agreed between the parties. The Supplier shall provide NCR with periodic updates as follows:

- The detailed milestone schedule and MS Project Plan (*.MPP) schedule file to be updated every two weeks by the Supplier.

2.2 Project Updates

2.3 Meetings

In addition to normal, day-to-day communication, regular Project Update Meetings will be held:

[Specify frequency, whether face to face or teleconference and expected duration]

The NCR Project Manager will issue minutes of the Project Updates. The minutes are to be distributed a maximum of five (5) working days from the meeting / telephone call and will include: attendee list, status of previously opened items, list of new items including person(s) responsible for resolution, and summary of the project's overall status. Other items will be added as appropriate.

[OR

“The Developer’s Project Manager will issue minutes of the Project Updates. The minutes are to be distributed a maximum of 5 working days from the meeting / telephone call and will include: attendee list, status of previously opened items, list of new items including person(s) responsible for resolution, and summary of the project's overall status. Other items will be added as appropriate. NCR will be required to mutually agree these minutes”]

Other meetings, correspondence, etc. will occur as necessary. The Project Update Meeting is not intended to eliminate or replace any other forms of communication between the Parties.

2.4 Status Reports

The Supplier will provide NCR with a weekly status report outlining progress toward milestones, key metrics, and key risks and issues. It is recommended that an abridged version of the current NCR Project Control Document is used as the basis for these status reports.

2.5 Audit

NCR may conduct audits of the Suppliers development activity and Deliverables relating to this Statement of Work. These audits may be conducted at the Supplier’s office or by remote means.

3. PERSONNEL

NCR and the Supplier will appoint representatives to the following positions:

3.1 NCR Project Coordinator

NCR designates [_____] as NCR Project Coordinator.

3.2 The Supplier Project Manager

The Supplier designates [_____] as Project Manager.

The primary interfaces between NCR and the Supplier shall be between NCR Project Coordinator and the Supplier Project Manager.

4. DELIVERABLES

The Supplier will provide the following specified Work Product and Deliverables:

- **[this must clearly list and describe everything NCR needs to evidence the intellectual property, including e.g., schematics, test reports and specifications, prototypes,**

drawings, bill of materials and AVL, source code, documentation, user or service manuals.]

5. ACCEPTANCE PROCESS

[GUIDANCE NOTE, PLEASE REMOVE FROM FORM: A CLEAR APPROVALS PROCESS MUST BE OUTLINED HERE I.E. ACCEPTANCE CRITERIA OR AN ACCEPTANCE TEST PLAN AND STATE THAT APPROVAL SIGN-OFF IS REQUIRED BY THE NCR PROJECT COORDINATOR OR SOME OTHER EQUALLY SUBSTANTIVE METHOD APPLIED.]

6. CHANGE CONTROL

Changes to the services or Work Product, including changes to delivery dates or locations, requested by a party after the SOW is signed or an Order is placed will be governed by this Section and Attachment 1 ("Change request Form").

7. PAYMENT AND PAYMENT SCHEDULE

NCR shall pay to the Supplier, as compensation for the services and all Work Products provided hereunder, a total amount of [_____] Pounds Sterling (£ [_____]) (the "Development Fee").

The Development Fee will be payable in accordance with the following schedule:

<u>Event or Date</u>	<u>Amount</u>
----------------------	---------------

-
-
-

Total Amount Payable	£
-----------------------------	----------

Each party acknowledges that it has read the Agreement and this Statement of Work (including all referenced exhibits and attachments hereto, if any), and agrees that it is the complete and exclusive understanding between the parties with respect to the Service to be provided hereunder.

IN WITNESS WHEREOF, the parties have executed this Statement of Work as of the day and year first above written.

AGREED AND ACCEPTED

SUPPLIER

NCR

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

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**ATTACHMENT 1
CHANGE REQUEST FORM**

Requester Name:	Requester Organization Name:
Date Requested:	Date Response Requested By:
Change Requested: (Detailed description of the change requested, the area of the Project Plan/schedule being modified, and the benefits of making the change – attach specifications, if necessary.)	

Agreed and Signed (Resources approved to study requested change):

CONTRACTOR PROJECT MANAGER	NCR PROJECT MANAGER
Signature:	Signature:
Date:	Date:

Response to request for change

Change Request is: ___ accepted without changes___ rejected ___ accepted with modifications (see below)
Modifications to Change Request: (Insert any changes made to original change request. Identify, in detail, the changes to the project scope, all impacted work products and Work Products, schedule and price.)
Work Product(s) that will be changed:
Schedule and Price Revision (or attach revised Project Plan showing schedule and price impact):
Additional Price: \$_____ Invoice Date: _____

Agreed and Signed (authorization to accept impact and implement change):

CONTRACTOR PROJECT MANAGER	NCR PROJECT MANAGER
Signature:	Signature:
Date:	Date:

Exhibit 18

Cost Model Elements

General Elements	Major Elements	Element Drivers	
Total BOM Cost			Total BOM cost which includes ALL necessary materials required for the final
	Featured BOM Costs		Total BOM costs to be purchased by Supplier and in Products including all
	FFK BOM Costs		Any additional material costs not captured in the featured BOM cost
	Other BOM Costs		To include any material cost not covered in the Featured BOM costs or FFK
	Scrap		A nominal value of scrap cost as measured as a % of Total BOM Cost that is incurred as part of the normal manufacturing process
Indirect Labor Costs			Total cost of the Indirect Labor required to manufacture and test the Product
	IL Mix		These are the types of required IL to include but not limited to engineers, technicians, work cell managers, supervisors, planners, buyers, inventory control, configuration management, quality engineers, quality technicians, etc.
	IL Headcount		The number of each functional head type required to operate
Direct Labor Costs			
	DL Mix		Different tiers and skill levels of direct labor which drive a mix of cost per
	DL Headcount		The number of direct labor heads used to assemble and test the Products or
Operating Costs			All costs associated with manufacturing building, building services, utilities, depreciation, maintenance, shop supplies
	Building Costs		To include all capitalized fixed assets, equipment, building, utilities and
		Manufacturing Space	Total manufacturing square feet required to provide the Services
	Total Equipment Cost		Total cost of Supplier owned equipment, fixtures, tools, work stations, testers, IT Servers, computers, material handling gear, and maintenance cost for all
		Equipment Cost	Includes equipment depreciation, maintenance costs and any capitalized
	Shop Supplies		These are costs for daily use items not included in the Total BOM Costs but needed to operate (gloves, eyeware, other protective gear, adhesives, solvents,
Transport & Duty Costs			

General Elements	Major Elements	Element Drivers	
	Inbound Freight		Cost associated with transportation into Supplier location
		Inbound freight %	The average percentage applied to the Total BOM Cost
	Outbound Freight		Cost associated with transportation to the Customer requested Ship To
		Outbound freight cost	The quoted transportation cost to move Products to the stated FCA location and subject to container/truck utilization assumptions
	Duties		Any import duties as required by law
Warehousing Costs			All cost associated with the housing of Material and Products and any Internal movement and material handling costs
	Warehouse Space		The space required for housing of all Material and Product not included in the production/test area as measured in square feet
	Material Handling		The people and system costs required to move material in and out of warehouse to fulfill the needs of both production and shipping
Working Capital Cost			This is the calculated amount of working capital finance by Supplier
	Average Payment Terms		This is the working capital amount tied to financing of the Product sale to
	Inventory		Average Inventory dollars held by the Supplier
	Payables		Average payment time financed by Supplier's suppliers
Profit and Overhead			
	Quoted Profit		This is the percentage of profit Supplier has quoted on top of all costs for material, transformation and fees required to provide Services
	Overhead		These are the costs to finance additional SG&A required to operate the plant, the business and for the Supplier to fulfill the Services
Other Element Drivers			
	Cycle Times		Total time measured in man hours required to assemble, test, package and
		Assembly Cycle Time	Total time measured in man hours required to assembly the Product
		Test Cycle Time	Total attended time measured in man hours required to test Product and all related components and sub-assemblies of the Product
		Other Cycle Time	Total man hours required for additional Services not covered in Assembly and

General Elements	Major Elements	Element Drivers	
		FTT	First Time Through is the first pass yield percentage for each Product which
		Volumes	This is the volume and mix of the Products that drive the requirement for other
		WACC	Weighted Average Cost of Capital

**CERTAIN CONFIDENTIAL MATERIAL APPEARING IN THIS DOCUMENT,
MARKED BY [*****], HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE
ACT OF 1934, AS AMENDED.**

NCR CORPORATION

MASTER HARDWARE SUPPLY AGREEMENT

This Master Hardware Supply Agreement, including any attachments and amendments, (this “**Agreement**”) is entered into between NCR Corporation and NCR Global Solutions Ltd (“collectively NCR”) and Universal Global Scientific Industrial Co., Ltd. (“**Supplier**” or “**USI**”), effective on 1st June 2018 (the “**Effective Date**”) and will apply to all of the Hardware, including Manufactured Products (as defined in Exhibit 1) and Parts to be supplied by Supplier and its Affiliates designated in Schedule B (“**Designated Vendors**”) (collectively “**Products**”), ordered or acquired by NCR, any Third Party Manufacturer (“**TPM**”) NCR designates as a purchaser of Products (see Schedule B), and NCR's Affiliates (collectively, “**Designated Purchasers**”) during the term of this Agreement. “**Affiliate**” means any entity that a party controls, is controlled by or under common control with on or after the Effective Date (but only when such control exists). “**Hardware**” means the final manufactured goods and may also include software or firmware provided with the goods. “**Parts**” means any components, sub-assemblies, modules or accessories incorporated within or included with the Hardware. If there are any Products now or hereafter supplied by Supplier or its Affiliates to NCR or to a Designated Purchaser such Products are deemed to be supplied under the terms and conditions of this Agreement whether or not they are specifically listed herein.

Except as expressly stated herein, this Agreement serves as the entire standalone agreement between NCR and Supplier regarding the Products and supersedes any other prior oral or written understandings and agreements of the parties regarding those Products. Other than with respect to order-specific terms printed on the front of NCR purchase orders, provisions on other forms (such as preformatted or preprinted terms and conditions typically found on their reverse side of purchase orders or order acknowledgments) will not apply and are superseded in their entirety by the provisions of this Agreement. This Agreement may be changed only by written agreement entered into by both parties. This Agreement (including any attachments to it) becomes binding on the parties when signed by both of their authorized representatives.

SCHEDULES AND EXHIBITS: The following schedules and exhibits are incorporated into and made a part of this Agreement:

NCR Confidential

SCHEDULES

Schedule A	Specifications, Change Control Process, Tooling, and Material Providers
Schedule B	Initial Pricing, Lead Times, Designated Purchasers and Designated Vendors
Schedule C	Quality
Schedule D	Hardware Support Requirements and Spare Parts
Schedule E	Cost Reduction Plan
Schedule F	Long Lead Time Parts Approval
Schedule G	EDI Requirements

EXHIBITS

Exhibit 1	Manufacturing Services
Exhibit 2	Data Security and Privacy
Exhibit 3	Manufacturing License
Exhibit 4	Development Services
Exhibit 5	Tier 2 Suppliers

NCR Confidential

Current NCR Designated Purchasers Authorized Signatures below; anticipated Designated Purchasers are detailed in Exhibit B.

NCR BRASIL – INDUSTRIA DE EQUIPAMENTOS PARA AUTOMACAO LTDA

By: N/A

Printed: HUMBERTO CATELAN

Title: _____

Date: _____

NCR CORPORATION INDIA PVT LTD

By: /s/ C. Santhakumar

Printed: C. SANTHAKUMAR

Title: Sr. Plant Manager

Date: 9/July/18

NCR GLOBAL SOLUTIONS LTD.

By: /s/ William Wayne

Printed: William Wayne

Title: Director of Operations

Date: 10th July 18

Supplier Designated Vendor Authorized Signatures below.

USI ELECTRONICS (SHENZHEN) CO., LTD.

By: /s/ Vincent Lin

Printed:

Title: G.M.

Date: 2018.06.21

Universal Scientific Industrial de Mexico S.A. de C.V.

By: _____

Printed:

Title:

Date: _____

UNIVERSAL GLOBAL SCIENTIFIC INDUSTRIAL CO., LTD.

By: /s/ John Fang

Printed: JOHN FANG

Title: Corp. VP

Date: June 25th, 2018

Supplier Address and Contact for Notices:
141, Lane 351, Taiping Rd. Sec. 1, Tsaotuen,
Nantou 54261, Taiwan

NCR Corporation

By: /s/ Michael D. Hayford

Printed: Michael D. Hayford

Title: President & CEO

Date: June 28th, 2018

NCR Address and Contact for Notices :
NCR Corporation, 864 Spring St NW, Atlanta,
GA 30308-1007 USA

NCR Confidential

TERMS

1. TERM AND TERMINATION

1.1 Term. This Agreement will continue for an initial term starting as of the Effective Date and ending on the third anniversary of the Effective Date (“Initial Term”), and will automatically renew thereafter for one year terms until either party gives notice of non-renewal not less than [*****], or until terminated as otherwise provided in this Agreement. As used herein, “**Term**” will include both the initial term and any renewal terms.

1.2 Termination.

1.2.1 NCR may terminate this Agreement upon 60 days prior written notice to the Supplier for a material breach of this Agreement, unless during such period the Supplier remedies the breach. Except where Supplier terminates for the reasons described in Section 1.2.2, Supplier may terminate this Agreement upon 60 days prior written notice to NCR for a material breach of this Agreement, unless during such period NCR remedies the breach.

1.2.2 Supplier may terminate this Agreement if (i) NCR fails to pay Supplier when due properly invoiced, undisputed charges totaling more than one month of charges under this Agreement (based on the average monthly charges for the 12 months preceding any such failure, or if during the first 12 months of this Agreement, the estimated charges for NCR for the Products during the first 12 months; (based on the average monthly charges for the 12 months preceding any such failure or if during the first 12 months of this Agreement, the estimated charges to NCR for the Products during the first 12 months) and (ii) NCR fails to cure any such breach within 30 days after Supplier gives written notice of the failure to make such payments after Supplier gives written notice of the failure to make such payments.

1.2.3 Either party may terminate this Agreement without cause at any time after the Initial Term by providing by providing [*****] written notice to the other party.

1.3 Effect of Termination. Termination of this Agreement by either party will not prejudice it or the other party to recover any money amounts or require performance of any obligations due at the time of the termination. Subject to Section 1.4 of this Agreement, if NCR decides to transfer all or part of manufacturing of a Product to another company (including NCR or an NCR Affiliate), Supplier will use [*****] to provide NCR with [*****] support for NCR to efficiently transition the manufacture of Products to the other company for [*****] and [*****] will use [*****] to complete the transition in as short a time period as reasonably practical. The quality of the Products and performance by Supplier during the transition shall not be degraded. NCR will pay Supplier’s reasonable out of pocket costs for such transition assistance unless the transition resulted from a Supplier’s material breach of this Agreement.

1.4 Tooling

1.4.1 At any time after the period ending [*****] (except if NCR terminates the Agreement as a result of USI’s material breach, in which case the [*****] time limitation does not apply), provided NCR has made a full payment to Supplier of the book value of and tooling tools, dies, molds, fixtures, equipment, and other items used by Supplier for the Product (excluding any Tooling provided to Supplier by NCR under this

Agreement, and excluding any tooling that USI produces at its own cost and uses for other USI customers) necessary, if any, for the production of the Products (the "Supplier Tools"), less any amounts that NCR has previously paid to Supplier for the cost of such tools, then Supplier grants NCR an irrevocable option to take possession of and/or title to the Supplier Tools that are special for the production of the Products.

2. FORECASTS, AND ORDERS

2.1 Forecast. NCR will use commercially reasonable efforts to provide Supplier on monthly basis with an estimate of anticipated requirements for Supplier's Hardware by providing a 9 to 12 month rolling forecast. Such forecasts ("**Forecasts**") and any other estimates provided to Supplier by NCR are for planning purposes only and may not in any way be construed as an order or binding purchase commitment or representation of NCR. Supplier will use commercially reasonable efforts to plan and align resources required to meet the Forecast. Supplier will provide NCR with notice of inability to meet a Forecast in writing as soon as Supplier becomes aware of any such inability. On a monthly basis, NCR commits to purchase Excess Material from the Supplier, provided that NCR's obligation to purchase Excess Material shall not exceed the amount of Excess Material needed to fulfill NCR's Forecast also considering the applicable lead times for such Parts. NCR has the option to buy-back the Excess Material or pay inventory carrying cost (at [*****]) for the next [*****] and NCR has to buy-back the material at the end of the that [*****] period. "Excess Material" means Parts that have been in Supplier's inventory for more than [*****] which were purchased or manufactured by the Supplier based on NCR's Forecasts.

2.2 Ordering. NCR may place purchase orders for Products ("**Order(s)**") with Supplier in accordance with lead time as set forth in Schedule B. NCR will have no obligation to purchase any Products hereunder until an Order for Products has been placed with Supplier. Supplier may reject any Order by delivering a rejection notice to NCR within five (5) business days after receipt of the Order. Otherwise, the Order will be deemed accepted by Supplier. Orders are deemed conforming (and may not be rejected by Supplier) if a) the delivery dates are based on agreed lead times, and b) the quantity is within the limits set forth in the Forecast or within the quantity flexibility limits described below, and c) Orders are based on the price agreed by the parties. Where the Order is for EOL (as defined in Section 2.6 below) Parts or consigned Parts, for which Parts are available to Supplier on commercially reasonable terms, Supplier will accept the Order and fulfill NCR's Requirements in a timely fashion.

2.2.1 NCR will have quantity flexibility on delivery schedule within its Orders in the percentages set forth below. NCR may pull in or push out a shipment date for a part of an Order only within the limits set forth below. For NCR's reschedule request outside the bands set below, the parties will agree any additional costs. For the avoidance of doubt this section 2.2.1 applies to Hardware which has continuous and ongoing demand under normal forecasting conditions.

Days Before Shipment

[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]
[*****]	[*****]	[*****]

Supplier will use commercially reasonable efforts to accommodate upside and downside requests in excess of the percentages indicated above. Before charging a premium or other fee associated with a flexibility action outside of the parameters above, Supplier will notify NCR in writing, and NCR may accept the premium or fee or the excess Hardware will be subject to standard lead time. If downside quantity can't be consumed, USI will report to NCR for NCR's assistance.

2.2.2 Notwithstanding anything to the contrary in this Section 2, for any Part having an unusually long lead time, the parties may agree on quantities that Supplier will stock and NCR's liability for Parts required to fulfill NCR's Orders. Such agreement may be evidenced by emails, provided that the agreement by both parties is clear. The initial list of long lead time components, if any, is attached on Schedule F.

2.2.3 Notwithstanding anything to the contrary in this Agreement, NCR will have no liability to Supplier for (i) Products that fail to comply with the warranties on delivery or (ii) Product that are reused or resold by Supplier.

2.3 Cancellation. NCR may cancel any Order in whole or in part at its convenience. Supplier will raise with NCR any concerns it has in relation to excess stock exposure. Upon cancellation, NCR is liable for any finished goods in the Order cancelled. In addition, NCR accepts liability for work in process, Parts, and materials to meet the Order subject to the following:

(i) Supplier will use commercially reasonable efforts to assist NCR in minimizing NCR's liability by taking the following steps:

- a) As soon as is commercially practical reduce or cancel material orders to the extent contractually permitted;
- b) Return all components and materials to the extent contractually permitted;
- c) Make all commercially reasonable efforts to sell components and materials to third parties and other Supplier customers;
- d) Assist NCR to determine whether current work in progress should be completed, scrapped or shipped "as is"; and

(ii) NCR will use commercially reasonable efforts to assist Supplier in minimizing Supplier's liability.

2.4 Rescheduling Orders. NCR may reschedule an Order from its originally scheduled ship date provided that the rescheduled shipment date will in no event be later than two (2) months past the initial shipment date and the reschedule quantity is within the flexibility parameters stated above in Section 2.2.1, unless agreed otherwise. Once the said two months period expires, NCR shall agree to Supplier's arrangement for immediate shipment of the rescheduled Order. If NCR subsequently cancels a rescheduled Order, the provision of Section 2.3 will apply.

2.5 Supplier may not ship a partial quantity of a particular Order of Products without NCR's prior approval.

2.6 EOL. NCR will notify Supplier that a Product will reach an End-of-Life (EOL) status. NCR will provide Supplier with a last-buy order on such EOL Product to meet NCR's final requirements, with delivery not to exceed six (6) months from the date of the last-buy Order. Supplier will make best efforts to mitigate the potential liability of NCR through reselling material and consuming common parts, and NCR, in this

case, will have full liability for said inventories of materials and parts. Notwithstanding the foregoing, Supplier shall adhere to its obligations in relation to Exhibit D (Services)

3. PRICE AND PAYMENT

3.1 Prices. Initial pricing is set out in Schedule B of this Agreement, as applicable. Pricing can only be changed with the mutual agreement of Supplier and NCR. Any price changes agreed from time to time by Supplier and NCR will become effective with receipt of the applicable Product on or after the date of Supplier's acceptance of the first Order that includes new pricing. Upon mutual agreement, Supplier will accommodate any such change in price on open Orders (reflecting the older price) by issuing a respective credit or debit for remaining open balances. The credit or debit will be for the difference between the agreed new price and the older price shown on the Order.

EXAMPLE:

If an open Order reflects 100 pieces of a Product at the last price of \$10 each for a total amount of \$1000 and a new price of \$9 each has been agreed between the date of the Order and the issuance of the invoice, then Supplier's invoice will show a credit, as follows or similar language.

PO# _____ for 100 units of part xxx-xxxx @ \$ 10	\$ 1000.00	
Price reduction credit - 100 units @ \$ 1	___(100.00)	
		Total Due \$ 900.00

3.2 Most Favored Customer. Supplier represents that the terms, benefits and warranties, as well as the prices provided to NCR under this Agreement are [*****] offered by Supplier to any commercial customer who has purchased the same or comparable products under similar (not exact) conditions and in similar (not exact) quantities.

3.3 Cost Reductions. Supplier will continue throughout the Term of this Agreement to use its best efforts to reduce costs for all Products and for Product support, including by meeting the cost reduction goals as set forth in Schedule E.

3.4 Taxes. Product prices are exclusive of all taxes, including country, state or local sales, use, property, excise, value added or similar taxes that may be levied as a result of sale or delivery of any Product under this Agreement. Supplier will charge such taxes separately on its invoices on all sales for which NCR has not provided valid exemption documentation. Supplier will be responsible for all taxes based upon its personal property ownership and income.

3.5 Invoicing. Supplier will invoice NCR promptly upon shipment of Products, but in no event later than 3 calendar days following such time. Supplier will submit electronic invoices through EDI, NCR's "iSupplier Portal", or as otherwise directed by NCR. When invoices for Products ordered by NCR Global Solutions Limited for delivery to the NCR site are submitted to NCR via the iSupplier portal or via EDI or NCR's scanning centre in India, Supplier will also send a hard copy of each invoice to NCR's accounts

payable department of the Site that raised the Order if requested by NCR via e-mail. Payment of such invoices is subject to receipt by NCR of a hard copy. In the event that Supplier is hereafter authorized by NCR in writing to submit paper invoices in lieu of electronic invoices, Supplier will ensure that all paper invoices are addressed to the specified NCR individual. Supplier's invoices will (a) contain only 1 part number per line item on each invoice, (b) only reference 1 purchase order per invoice, and (c) contain the following minimum information: (i) NCR's Purchase Order number; (ii) NCR's product I.D., part number or other relevant number; (iii) an item description of the materials shipped; (iv) the quantity of items shipped; (v) the unit and extended price applicable thereto; and (vi) Supplier's serial number, if applicable. All invoices for Product covered by this Agreement should be sent to the NCR Accounts Payable Department of the NCR site that raised the Order.

3.6 Payment. Payment terms are [*****] from the date of NCR's receipt of a proper invoice. All prices and payments will be in U.S. Dollars unless otherwise agreed upon in writing. NCR may, with Supplier approval, offset any payments owed to the Supplier pursuant to this Agreement or otherwise against any amounts owed by the Supplier to NCR.

4. LEAD TIME AND DELIVERY

4.1 Lead Time. Orders will be placed in advance of the required delivery date, allowing for the then current agreed lead time. Initial lead times are detailed in Schedule B.

4.2 Shipment; Risk of Loss. Unless otherwise provided in a SMI, or in 4.3 below, all Products purchased under this Agreement will be shipped FCA USI Factory location (as specified in the applicable Order) (Incoterms 2010) ("Delivery") and pursuant to any further instructions contained in the NCR Supplier Guide (see Schedule C). Title, risk of loss and damage will pass from Supplier to NCR upon Delivery by Supplier to NCR. Supplier will provide to NCR, prior to the first Delivery of any Product, and thereafter annually, a certificate of origin stating the country of origin for the Product upon NCR's request. If the country of origin for any Product changes, Supplier will provide an updated certificate of origin before any Delivery of a changed Product.

4.3 Late Deliveries. Without prejudice to any other rights and remedies available to NCR, Supplier will notify the applicable NCR Buyer promptly upon the Supplier having reasonable belief that an agreed upon committed ship date ("CSD") will not be met. If Product (conforming to the Specifications and all quality and other requirements herein) is not delivered by the CSD due to any reason attributable to Supplier, (except for the reason caused by EOL parts), Supplier will (a) ship by air freight or other mode specified by NCR, at Supplier's expense; and (b) will reimburse or credit NCR for [*****]. For the avoidance of doubt, any missed CSD's more than [*****] based on agreed lead times, except caused by Force Majeure, that are caused by Supplier will entitle NCR to terminate all outstanding Orders of respective Product without any liability whatsoever.

4.4 Supplier Managed Inventory. Upon mutual agreement, Supplier will either implement a SMI program in accordance with the terms of Exhibit 3 or some other mutually agreed form of a localized stocking program.

5. SUPPLIER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

5.1 Intellectual Property Rights and Title. Supplier warrants and represents that it possesses all right, title and interest in the Product necessary for Supplier to sell the Products to NCR and grant to NCR the rights and licenses for NCR's sale of Products under this Agreement; and that the Product does not infringe any third party's patent, copyright, trademark, trade secret or other intellectual property right, provided, however, that the foregoing warrants and represents of non-infringement will not apply to i) the combination of the Product with other products, processes or services not furnished by Supplier, unless the combination is contemplated in Supplier's documentation for the Product or the combination is necessary for the Product to achieve its intended purpose, or ii) modifications to the Product not made by Supplier or in accordance with Supplier's instructions, if such Claim would not have arisen but for such modification, or iii) Supplier's compliance with NCR's specific design, specification, drawing, instruction, for the Product itself, if such Claim would not have arisen but for such compliance, or iv) Parts purchased by Supplier from Tier 2 Suppliers pursuant to Exhibit 1, or v) Manufactured Products provided by Supplier pursuant to Exhibit 1 except for the part made by Supplier contained in the Manufactured Products.

5.2 Warranties of Suppliers for Benefit of NCR. For the benefit of NCR Supplier will use its best efforts to obtain from all vendors the fullest possible warranties against defective materials and workmanship for components and assemblies that go into the build of the Products.

5.3 Free and Clear of All Liens. Supplier will keep the properties of NCR, under the control of Supplier, (including Products sold to NCR) free and clear of all liens, encumbrances and charges of any kind. If any such lien will attach or any claim for such is filed, Supplier will immediately procure the discharge thereof. If Supplier fails to discharge such lien, NCR will have the right, but not the obligation, to discharge the lien and assess against Supplier (or offset against any amounts otherwise payable to Supplier) any costs incurred by NCR, plus simple interest at the maximum rate allowed by law from the date of discharge.

5.4 Compliance with Standards and Laws; Safety and Regulatory Agency Requirements. Supplier will comply with all applicable country, federal, state, local and foreign laws, rules, acts, orders and regulations, including, but not limited to, laws pertaining to employment, import and export compliance, antitrust, environmental health, safety, chemical/material restriction and electronic/product and waste take-back. Supplier will identify and procure all required permits, certificates, licenses, insurance, approvals and inspections; and will submit all reports, certifications, and other documents as required, including information related to the proper and safe handling of the Products. Should Supplier's services hereunder require Supplier to perform, support, or handle any importation of any item into the U.S., Supplier will cooperate with NCR to ensure that its business practices and related processes comply with cargo security requirements of U.S. Customs and Border Protection's (CBP) Customs-Trade Partnership Against Terrorism (C-TPAT) program. In compliance with the provisions of all applicable federal, state, and/or local laws, regulations, rules and orders, Supplier will utilize standard industry practices, such as but not limited to: a) criminal background checks, b) credit checks and/or, c) driving record checks, to ensure fitness of employees. Supplier will not employ any person that fails to meet the appropriate fitness criteria. Supplier will conduct business ethically and comply with the NCR Supplier Code of Conduct available at this site: <http://www.ncr.com/company/suppliers/manuals-forms-and-templates>. Any provision which is required to be a part of this Agreement by virtue of any law is incorporated herein by reference. Supplier will conduct business ethically, follow generally accepted accounting practices, and will promote policies and practices requiring its employees, agents and contractors to conduct themselves in accordance with the requirements

of this paragraph. Supplier and its employees, agents and contractors will adhere to NCR's site security rules when visiting NCR premises. As may also be indicated in applicable Specifications, Supplier warrants that all Products and packaging material will comply with all applicable country, federal, state and other governmental regulations in effect at the time of manufacture, including without limitation, CTPAT, RoHS, WEEE, REACH, EMC and FCC regulations (as applicable), and Products will be listed or certified by a nationally recognized testing laboratory (if applicable to such Products) with Supplier's name, Supplier's trade name, Supplier's trademark and file number.

5.5 Supplier represents and warrants that (i) Supplier shall comply with all Legal Requirements regarding the handling, labeling, packing, transportation, processing, use and/or disposal of hazardous materials, including lithium batteries, and (ii) Supplier has provided its personnel with sufficient training on the handling, labeling, packing, transportation, processing, use and disposal of hazardous materials that are an ingredient or a part of the Products, including lithium batteries, in order for the Supplier and its personnel to exercise that measure of care and precaution that will comply with any applicable Legal Requirements and prevent bodily injury or property damage in the handling, labeling, packing, transportation, processing, use and/or disposal of the Products, containers and packaging. In addition, Supplier represents and warrants that Supplier shall provide any special handling instructions as may be necessary to advise logistics providers, and handlers of the Products and their personnel of how to comply with any applicable Legal Requirements and prevent bodily injury or property damage in the handling, labeling, packing, transportation, processing, use and/or disposal of the Products, containers and packaging. "Legal Requirements" means all applicable laws, rules, regulations, policies, procedures, standards and orders, of whatever kind and nature and of all applicable governmental and industry bodies, now or hereafter in effect, relating to Supplier's performance of this Agreement and the manufacture and supply of the Products in the country of origin and the country of ultimate sale to consumers, including, but not limited to, the United States Fair Labor Act, the NCR Supplier Quality Manual, any NCR compliance policies provided NCR to Supplier and all export, health and safety, equal opportunity, immigration and environmental laws, restrictions and regulations.

6. MANUFACTURING LICENSE

If this Agreement is terminated by NCR due to any material breach which is attributable to the Supplier, or if Supplier discontinues the manufacture or supply of the Product, or is unable or unwilling to supply NCR with NCR's reasonable requirements of Products, then Supplier hereby grants a perpetual, non-exclusive, world-wide, license to NCR on financial terms to be agreed, to use, modify, copy, sell, distribute, manufacture, and/or have manufactured, the Products. Such manufacturing license may be further described in Exhibit 3 (Manufacturing License) hereto.

7. PRODUCT QUALITY AND SUPPORT

7.1 Quality. Supplier will implement, maintain and continuously improve quality necessary to produce and deliver to NCR only those Products that are defect free and strictly conforming to the Product's Specifications. Supplier will deliver Products conforming to the reliability, design verification, compatibility testing, and interoperability requirements referenced in this Agreement and the Product's Specification. Any acceptance of Products by NCR will not be a waiver of those obligations in any respect. Supplier will cooperate with NCR in the utilization of measurement tools and data collection designed to assess the performance of suppliers to NCR, and in resolving identified deficiencies to prevent recurrence. Supplier will also use its reasonable efforts to assist NCR in its Product qualification process by providing all requested

Product documents and information, a defined support structure and assistance in resolving any problems that may arise. Upon NCR's request, Supplier will provide NCR an opportunity to review Supplier's disaster recovery plan. At a minimum, the plan will address production interruptions and the contingencies including the situations set forth in Section 15.1 below. Further details of NCR's quality requirements are in Schedule C and NCR's Supplier Quality Manual which is made part of this Agreement and can be accessed at:

<http://www.ncr.com/company/suppliers/manuals-forms-and-templates>

Promptly upon notice from NCR of any problems with the quality of Products or spare Parts, the Supplier will ensure that corrective/preventative action is taken to ensure any problem encountered does not recur and also to retain the status of an approved supplier. The Supplier should follow NCR's Corrective Action Procedure as detailed herein.

7.2 Specification Changes and Release of New Products.

7.2.1 Either party may propose changes to Specifications affecting any Products ("Product Changes") in accordance with the provisions of Schedule A. If either party rejects the Product Changes, Products will continue to be supplied under prior applicable Specifications. Any inventions, innovations, designs, plans, specifications, drawings, materials, components, utility patent rights or the like (collectively, "Inventions") supplied by or on behalf of NCR and/or its Affiliates to Supplier shall be the property of NCR (and/or such Affiliates) and Supplier shall have no rights, property or interest in any portion of such Inventions. With respect to Products or modifications to Products that are co-developed, NCR and/or its Affiliates shall have all title, rights and interest, including but not limited to Inventions and design rights in any invention developed pursuant to such co-development. The trademarks, design and Inventions are deemed to be Intellectual Property. Any works created by Supplier for specifications changes shall be considered a "Work Made for Hire" as that phrase is defined by the U.S. copyright laws and shall be owned by and for the express benefit of NCR. In the event it should be established that such work does not qualify as a Work Made for Hire, Supplier agrees to and does hereby assign to NCR all of its right, title, and interest in such work product including, but not limited to, all copyrights, patents, trademarks, and other proprietary rights. Supplier hereby irreversibly assigns any and all rights it may have or acquire in any portion of the Intellectual Property (including but not limited to rights to improvements or changes), at law or in equity, to NCR. Without limiting this Section, Supplier shall keep the Intellectual Property in confidence and shall return such items upon termination of supply of Products to NCR and/or its Affiliates. Supplier agrees to sign such further documents as may be requested by NCR to effectuate the transfer of the Intellectual Property.

7.2.2 If Supplier acquires or develops a type of product which is like the Products, or performs a similar function, or would cause one or more Products to be obsolete, and to the extent such development or new product is under the absolute ownership of Supplier, on the condition that no obligation with other third party will be violated, Supplier will give NCR written notice at least 90 days prior to the release of a new product; Furthermore, Supplier will furnish NCR with the specifications and other pertinent information under separate mutually agreed-upon terms; and, at the request of NCR, arrange an engineering evaluation of the product immediately. At its option, NCR may elect to substitute

the new product for the Products under this Agreement at a price mutually agreeable between the parties.

7 Epidemic Failure

7.3.1 The following definitions will apply to this Section 7.3:

“Field Retrofit Order” or “FRO” means the detailed plan which is established by NCR and implemented for the purpose of remedying an Epidemic Failure or a safety/ hazard situation, including at end-user sites, in plants and in warehouses, if applicable. The plan generally will include a process and repair method for deploying and implementing the repair and or replacement of all affected Products in the Lot(s) and the estimated costs to deploy the fix dependent on the quantity of affected Product.

“Epidemic Failure” means the failure, arising from a single root cause and displaying a same failure symptom, (i) which is at [*****] of the Products in any Lot and (ii) which defect is attributable solely to Supplier and/or its vendors, excluding any and all failures caused by Parts supplied to USI by Tier 2 Suppliers for Manufactured Products. The failure rate will be established from mutually agreed-upon records which may include data supplied by NCR’s distributors, resellers, subcontractors or customers.

“Lot” means a specific quantity of Product that (i) is produced under uniform conditions and series of operations, or (ii) has the risk of being affected by a common root cause of failure which is attributable to Supplier and/or its vendors.

Epidemic Failures. The parties will co-operate and work together to analyze failures, monitor such failures, report where appropriate and identify the common root cause. Data collected by both parties will assist in the process. Upon reaching the Epidemic Failure rate, NCR may notify Supplier that an Epidemic Failure has occurred. Such notice will include a description of the nature of the failure and other supporting data. Supplier will be responsible for all costs of the failure, of implementing the FRO for Hardware inside or [*****] the Warranty Period including (a) replacement parts, materials, sub-assemblies or supplies; (b) technical support labor costs in handling customer calls; (c) on-site service labor in replacing all Products within the Lot(s); and (d) all packaging, shipping and handling costs to and from the customer and warehouse locations and Supplier’s repair facility. The FRO will be applicable for all Products within the relevant Lot(s) unless and to the extent Supplier can establish that specific Products within the Lot(s) are not affected by the root cause. In addition to the foregoing, Supplier will, at NCR’s option, appoint a senior level representative to coordinate a root-cause analysis and cooperate with NCR in the development of the FRO. Notwithstanding anything foregoing to the contrary, Epidemic Failure shall not include the failure of Product which is caused by (i) NCR's design or (ii) NCR's use of the Product which is not the use contemplated by the parties under this Agreement.

7.4 Product Support Requirements. Supplier will provide support in accordance with Schedule D attached hereto.

7.5 Supplier Scorecard. The Supplier Scorecard will be used as a tool to review and evaluate a Supplier's performance during quarterly business reviews with Supplier. Refer to the NCR Services Design and Logistics Supplier Guide ("NCR Supplier Guide") at <http://www.ncr.com/company/suppliers/manuals-forms-and-templates> and the Supplier Quality Manual for descriptions of what criteria is to be measured, the metrics and the reporting process.

7.6 Electronic Linkage (Electronic Data Interface and Electronic Commerce). Supplier agrees to cooperate with NCR in establishing electronic ordering and invoicing processes as further outlined in Schedule G and as specified in Section 3.5 above. Supplier will also obtain and operate at Supplier's cost the necessary hardware and software as is reasonably required to implement such processes. When using EDI, Supplier agrees to provide NCR with information covered by EDI transaction 856 – Advance Shipment Notification in a form required by NCR to help prepare NCR for Purchase Order receipts and for order tracing activity.

8. PRODUCT WARRANTIES

8.1 Warranty.

For Product purchased under this Agreement, Supplier warrants that, for a period of [*****] from the date of delivery to NCR (the "**Warranty Period**"), all Products will conform to the Specifications and the quality provisions of this Agreement; will be merchantable and fit for purpose (including general merchantability and any specific purpose identified prior to Order); will be new and unused and will not contain used or repaired parts; and will be free from defects in material, USI design, and workmanship. If the Product is software, or includes software or firmware, it will contain no viruses or harmful code. Supplier warrants that it has the right to grant the licenses set forth herein and that the Products are free and clear of all liens, encumbrances and conflicting rights. For Products that fail within the Warranty Period, Supplier will promptly repair or replace non-complying Products that do not conform to the warranties in this Agreement (or provide credit or refund equal to the price NCR paid for the Product). If the Product includes any services, and the services are rejected, Supplier will perform such work as necessary to properly provide the services rejected at no additional cost to NCR. Each party will bear one way freight for in-warranty returns. NCR will bear the total cost of freight for any Product returned to Supplier under this clause where no fault has been found. Supplier will have the warranty obligations provided in this Section as to all Products notwithstanding their acceptance by NCR. The Supplier will deliver repaired or replacement Products to NCR within [*****] of Supplier's receipt, unless otherwise specified in writing. Supplier will advise when parts are received and when they ship the Product back to NCR. The warranties provided in this Agreement do not apply to the extent that warranty non-conformances arise from (i) the specific design or specifications of NCR; (ii) misuse or neglect, by NCR and/or its customers or accidental damage not caused by Supplier; and (iii) any incompatibility with other parts of a third party, except where Supplier has specifically warranted compatibility. Notwithstanding the foregoing, the Warranty Period for batteries, and adapters is the warranty period provided by such batteries and adapters vendor.

Any Product found by NCR prior to shipment to the end customer to contain a defect attributable to NCR may be returned to the Supplier for rework under a rework purchase order. The Supplier shall confirm the cost of any such rework within an agreed delivery schedule. The Supplier shall provide NCR with, details

of fault categorisation, rework carried out and the cost for each rework incident, as detailed in the quarterly report.

8.2 Reworkable Parts. NCR's service organization purchases Parts from Suppliers. For Parts that are normally re-workable and are either repaired or replaced by Supplier, Supplier will ensure that such Parts have a serial number, model number, date of manufacture, or some other similar identification. NCR will accumulate failed Parts and periodically return them to Supplier. For Parts still under warranty, Supplier will provide at NCR's option (a) a replacement Part (new or reworked to perform like new. Costs for non-warranty items will be subject to any repair quotation issued by Supplier, or (b) a refund or purchase credit equal to NCR's purchasing cost for the Part.

9. INDEMNIFICATION AND INSURANCE

9.1 Indemnification - Supplier will defend at its expense and indemnify NCR, its customers, employees, directors, contractors and Affiliates for any actual or threatened claims, suits, costs (including attorney's fees), losses or damages ("Loss"), except for any subsequent penalty, directly arising out of (i) a breach by Supplier [*****] of [*****]; or (ii) any injury to, or death of, any person (including persons employed by NCR) or damage, loss or destruction of any property (real or personal) if such injury, death, damage, loss or destruction results from or arises out of (a) [*****] or (b) [*****]. The NCR Indemnitees shall not enter into any settlement, consent judgment or stipulated motion without Supplier's prior written consent.

9.2 Intellectual Property Infringement.

9.2.1 Definitions. The terms noted below have the following meaning as used in Sections 9.2.2 and 9.2.3.

"NCR Indemnitees" means NCR and its Affiliates and their respective directors, officers, shareholders, employees, distributors, resellers, customers and end users.

"Losses" as that term is used below, in addition to the cost of defense, settlement and judgment, should include NCR's out of pocket costs to replace infringing Products in the event of an injunction.

9.2.2 Indemnification for Intellectual Property Infringement. At its expense, Supplier will defend, indemnify, and hold harmless the NCR Indemnitees from and against all Losses arising out of or relating to any actual or threatened claim, suit or proceeding brought against any of the NCR Indemnitees alleging that any Product (excluding [*****]) or its use infringes any patent, copyright, trademark or other intellectual property or misappropriates a trade secret or other confidential information (each a "Claim"). In conjunction with a Claim brought in a suit or proceeding, Supplier will defend at its expense the suit or proceeding with litigation counsel selected in consultation with the NCR Indemnitees. Without limiting the foregoing obligations, Supplier will pay all costs and damages, including any enhanced damages, finally awarded with respect to any Claim and will pay all amounts agreed to in settlement of any Claim. Supplier will not enter into any settlement, consent judgment or stipulated motion that requires any NCR Indemnitee to admit any liability or wrongdoing or pay any amount without the NCR Indemnitee's prior written approval. Supplier may, at its sole expense, obtain for the NCR Indemnitees the right to use and sell the Product, replace the Product with a non-infringing substitute of materially equal quality, performance and functionality, or modify the Product so that it is not infringing provided the modification does not materially affect the quality, performance and functionality of the Product. If Supplier is unable to reasonably secure any of those remedies

and use or sale of the Product by NCR has been enjoined, Supplier will refund the purchase price (or refund to the end users the purchase prices) they paid, if requested by NCR, for the enjoined Products, and the NCR Indemnitees, in their sole discretion, may by notice terminate this Agreement in whole or in part. The foregoing obligations will not apply to any Claim caused by [*****].

9.2.3 Indemnification Procedures. NCR Indemnitees will give Supplier (1) prompt written notice of the Claim; (2) reasonably requested information that the NCR Indemnitees possess necessary for the defense of the Claim; (3) reasonable cooperation and assistance necessary for the defense of the Claim; and (4) subject to the limitations set forth in paragraph 10.2.2, sole authority to defend or settle the Claim. Supplier will keep the NCR Indemnitees informed of the defense and settlement of the Claim and will consult with the NCR Indemnities on strategies for the defense and settlement of the Claim.

9.3 Supplier Agreements. With regard to paragraphs 9.1 and 9.2 above, Supplier will apply best efforts to include substantially similar indemnification terms in its contracts with its vendors of the items which are included with or make up the Products. Supplier agrees to enforce such terms on its behalf of and for the benefit of NCR, and if Supplier fails to enforce such terms, NCR will be deemed a third-party beneficiary of the contract and is hereby assigned rights to enforce such terms in place of Supplier.

9.4 Insurance. Supplier will maintain, at its expense, commercial general liability insurance including contractual liability, coverage for use of independent contractors, and product/completed operations, as will fully protect NCR, from claims relating to the Products (including claims brought by NCR customers against NCR). The insurance will (i) provide limits of at least [*****] combined single limit (CSL) per occurrence, for bodily injury and property damage, with [*****] annual aggregate; (ii) carry an endorsement that NCR and its customer will be an additional insured and that the insurance will be primary and that insurance, if any, maintained by NCR will be excess; and (iii) if coverage is on a "Claims Made" form, then a policy must be maintained during the term of this Agreement and for a period of five (5) years after termination of this Agreement. Certificates of insurance showing compliance with these requirements will be furnished by Supplier immediately after signing this Agreement. Certificates will state that the policy or policies have been issued and are in force, will not expire or lapse, and will not be cancelled or changed. Upon NCR's request, Supplier will furnish NCR such policies of insurance with all endorsements, or conformed specimens thereof, certified by the insurance company to be true and correct copies.

10. LIMITATION OF LIABILITY

10.1 SUBJECT TO THE EXCEPTIONS LISTED IN THIS SECTION 10.1, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL OR INDIRECT DAMAGES OR LOSSES, INCLUDING ANY LOSS OF PROFITS UNDER ANY THEORY OF LIABILITY. THE FOREGOING LIMITATIONS DO NOT APPLY TO (A) [*****] (B) [*****] OR (C) [*****].

10.2 The parties acknowledge and agree that the following damages are direct damages recoverable under this Agreement and that neither party shall claim or assert that such damages are indirect, incidental, special or consequential damages or otherwise unrecoverable to the extent they result from the failure of a party to comply with this Agreement: [*****]

11. CONFIDENTIALITY, PUBLICITY AND DATA PRIVACY

11.1 "**Confidential Information**" is information first disclosed by the disclosing party to the receiving party during the term of this Agreement which is related to business conducted by the parties under this Agreement (the "Authorized Purpose") and which is: (a) clearly designated, labeled, or marked as confidential or its equivalent at the time of disclosure; or (b) of a nature such that the receiving party knows or should know it to be confidential. In addition, Confidential Information includes the fact of discussions between the parties about the Authorized Purpose. Confidential Information does not include information that is: (a) lawfully possessed or known by receiving party prior to receipt from the disclosing party; (b) becomes publicly available through no act or omission of the receiving party; (c) furnished to the receiving party by a third party without known use or disclosure restrictions; or (d) independently developed by the receiving party without breach of this Agreement. A disclosure by the receiving party required pursuant to any judicial or governmental proceeding will not be a breach of this Agreement if, to the extent permitted under the circumstances, the receiving party has first given the disclosing party notice and opportunity to protect its Confidential Information by protective order or other means. The receiving party will use best efforts to prevent the disclosure of Confidential Information to any other person, unless disclosure is required by law. Notwithstanding the foregoing, the receiving party will be entitled to provide Confidential Information of the disclosing party to third party contractors of or supplier of the receiving party who have executed a written obligation of confidentiality conforming to that of this paragraph, and to Affiliates. The parties shall not use the other parties Confidential Information except for the benefit of the other party.

11.2 Neither party will publicize or otherwise advertise the existence of this Agreement without the prior written consent of the other party, except if required by law or order of court of competent jurisdiction, and then only after providing the other party with prior written notice and opportunity to object.

11.3 In the performance of any services to NCR under the Agreement, including but not limited to the supply of Products, support, manufacturing services and any other services ("Services"), Supplier may collect, record, organize, store, adapt or alter, retrieve, consult, use, disclose by transmission, disseminate or otherwise make available, align or combine, block, erase or destruct, whether or not by automatic means (collectively "Process") information or data NCR provides to you or that you generate in connection with the Services ("NCR Data"). NCR Data may, but does not necessarily, include information or data that actually identifies an individual, or if combined with other information or data accessed or accessible by any person, could identify an individual ("Personal Information"); examples of Personal Information include national identification numbers (e.g. social security numbers, social insurance numbers and the like), date of birth, home address, email address, IP address, driver's license or passport number, or financial account number. Supplier will protect all NCR Data as Confidential Information of NCR and will comply with the terms of Exhibit 2, Data Security and Privacy.

12. NOTICES AND COMMUNICATIONS

All notices (including requests, consents or waivers) made under this Agreement will be in writing and delivered by facsimile, electronic mail, or other electronic means (in which case the recipient will provide acknowledgment within one business day separately from any machine-generated automatic reply); or by prepaid means providing proof of delivery. Notices are effective upon receipt, and will be sent to the addresses shown on the first page of this Agreement. In addition, a copy of any notices sent to NCR will

13. INSPECTION RIGHTS.

13.1 Supplier will keep all usual and proper records and books of account, and all usual and proper entries relating to compliance with this Agreement, including but not limited to records relating to [*****] generated, collected, processed or stored by Supplier in performance of its obligations under this Agreement for a period of at least five years (except as specified otherwise herein) and in accordance with Legal Requirements. Upon two weeks prior notice by NCR, Supplier will permit NCR to audit the same (on business days and not more than once per year, except where an audit reveals a deficiency, in which case NCR is entitled to conduct further audits to satisfy itself that such deficiency has been remedied), which audit may be performed by NCR or an independent auditor retained by NCR. If an audit reveals a material breach of this Agreement, then [*****].

13.2 Subject to the prior notice requirement in Section 13.1, Supplier agrees to allow NCR's representatives or their authorized agents or NCR's customers at any and all times during regular business hours to enter Supplier's facility where Products are produced to inspect the facility, the manufactured Products, and the means for manufacturing Products, including, but not limited to, [*****]. Supplier is responsible for correcting any deficiencies identified by NCR's inspection prior to the production and delivery of the Products. Notwithstanding any of NCR's other rights, NCR reserves the right to cancel outstanding orders and/or cease doing business with Supplier if Supplier refuses to allow inspection of its facilities.

14. GENERAL TERMS

14.1 Force Majeure. Neither party will be liable for failure to fulfill its obligations due to causes beyond its reasonable control and without its fault or negligence ("Force Majeure"). A party must (a) use commercially reasonable efforts to promptly notify the other in advance of conditions which will result in a delay in or failure of performances, (b) use commercially reasonable efforts to avoid or remove the conditions, and (c) immediately continue performance when the conditions are removed. Notwithstanding the foregoing, Supplier will maintain a disaster recovery plan which shall, as a minimum, address production interruptions and the contingencies due to Force Majeure causes. On NCR's request, Supplier will provide NCR an opportunity to review Supplier's disaster recovery plan which will be prepared within 60 days after the Effective Date.

14.2 Designated Purchasers and NCR Third Party Beneficiary. Each Designated Purchaser will be entitled to purchase Products pursuant to this Agreement and any purchase of Products for NCR by a Designated Purchaser will be deemed to be made pursuant to this Agreement notwithstanding any other purchase order document that may be used. NCR will be entitled to exercise all rights and remedies available to the Designated Purchaser or NCR under this Agreement as a third party beneficiary, if permitted by law.

14.3 Severability, Survival and Waiver. Failure to enforce any provision of this Agreement is not a waiver of future enforcement of that or any other provision. The provisions of this Agreement are severable; if any provision is unenforceable, the remaining provisions will remain in effect.

14.4 Governing Law and Disputes. New York law governs this Agreement, all Orders made and any transactions occurring under it, and the relationships created by it, without reference to principles of conflicts of law that would result in the application of any other State's laws. In the event of any claim, controversy or dispute arising out of or related to this Agreement, any Order or any Product, either party may bring a legal action against the other, which action shall be exclusively brought and exclusively maintained in the state or federal courts located in the state of New York and New York County in the United States, the location of NCR's executive offices. Supplier irrevocably consents to jurisdiction and venue therein and hereby waives any right to object to jurisdiction or venue. The parties waive their right to a trial by jury in all such actions, and irrevocably consent to having all claims by all parties tried to the court as the sole trier of fact.

14.5 Assignment. This Agreement and any right or obligation it governs may only be assigned or delegated by either party with the prior written consent of the other party, which consent will not be unreasonably withheld, except as provided to NCR in Section 14.2 and except that NCR may assign or delegate this Agreement and any Orders outstanding under it without consent to any Affiliate or to the purchaser of all or substantially all of the assets of NCR Corporation or of a relevant product line or NCR line of business. A change of control of a party shall be deemed to be an assignment of this Agreement. This Agreement will be binding upon any permitted successor or assignee of a Party.

NCR Confidential

SCHEDULE A
**SPECIFICATIONS, CHANGE CONTROL PROCESS, TOOLING,
& MATERIAL PROVIDERS**

1. SPECIFICATIONS / CHANGES.

1.1 Specifications. “Specifications” means all documented technical and design information, and performance criteria for Products (a) as provided or otherwise made available to NCR by Supplier (including in associated publically available literature and/or marketing materials) and (b) as expressly provided by NCR to Supplier (including in any Order), and all modifications, amendments or changes thereto made pursuant to the terms of this Schedule. Supplier acknowledges that Specifications provided by NCR are the confidential and proprietary property of NCR, and NCR hereby grants Supplier a license to use such Specifications for the sole and limited purpose of performing its obligations under the Agreement. Notwithstanding anything to the contrary, to the extent they differ from those provided or otherwise made available to NCR by Supplier, Specifications expressly provided by NCR to Supplier shall control.

1.2 Changes. Either party may initiate a revision to the Specifications in accordance with Section 2 below. Notwithstanding anything to the contrary herein, NCR retains the right to approve the Specifications for all Products, including any changes thereto in advance of their implementation with respect to any Products. Supplier will be responsible for documenting all revisions to the Specifications, and integrating the same with their systems, to ensure that all Supplier documentation properly reflects the correct information (including revision date / number) and that all Products are provided consistent therewith. If the parties agree to implement a change in the Specifications, they will negotiate any schedule changes reasonably required thereby.

1.2.1 Payment. NCR will agree to a reasonable increase in the price of a Product directly resulting from a change in its Specification requested by NCR, provided such price increase is agreed in advance by NCR. The cost of any changes, to the extent such change is required by Supplier, generally applicable to the manufacture of Product or like products (including any capital expenditure incurred to implement any revision, costs of additional materials and one-time expenditures) necessary to ensure and maintain the Specifications or Product in conformity with, laws, legal or regulatory requirements will be borne by Supplier without any increase in the price of the Product to NCR or its Designated Purchasers (See Schedule B).

2. CHANGE CONTROL PROCESS.

2.1 Overview. Following the first manufacturing of one full and correct lot of Products approved by NCR in accordance with NCR’s Supplier Quality Manual, Supplier and NCR or its Designated Purchaser will implement NCR’s standard change control process to communicate and manage all changes unless otherwise agreed in writing. Supplier will not make any changes or modifications to the Product or the process for manufacturing Products without the express written permission of NCR. Until such time as a written change request is approved by NCR, Supplier will continue to supply Products conforming to the then-effective approved Product Specification, and NCR or its Designated Purchaser may reject any unapproved Products without any liability therefore.

2.2 Supplier-requested Changes.

2.2.1 If Supplier requests a change to a Product, Supplier will submit to NCR a written change request in a form and format determined by NCR. The request for change from Supplier must include at a minimum the following: (a) reason for change (e.g., availability of a part, cost reduction, and the like); (b) desired date of introduction; (c) detailed difference between the old and new Product process; (d) results of testing that support same or better resulting performance; (e) cost reduction effect (cost savings are expected); and (f) means of differentiating Products by identification number change, revision level change, or by some other means so that NCR and Designated Purchaser can readily discern the difference. NCR may evaluate the request itself or request a Designated Purchaser or the Supplier to make the evaluation on such criteria as NCR may in its sole discretion establish from time to time. All test and other evaluation results will be supplied to NCR in writing. NCR (or a Designated Purchaser) may approve or reject a requested change in its sole discretion. No change will be implemented absent NCR's or its Designated Purchaser's (determined on a case-by-case basis) approval. Changes that affect the form, fit, function, or performance of a Product will be tracked by a part number change. Supplier will maintain during the term of this Agreement and for 36 months after termination or expiration detailed records in English language for the Product serial number and or part number and cut-in dates for all changes.

2.2.2 In addition to Product Changes, Supplier will provide a minimum of sixty (60) days advance written notice of a requested change to the manufacturing process or methods, key personnel, or relocation of production to a different manufacturing facility after initial acceptance by NCR of the Products. This notice must include any change, additions, or deletions of any tests or assembly processes. NCR will notify Supplier whether it concurs with the proposed changes prior to Supplier's implementation of any such requested change.

2.2.3 Supplier will provide a minimum of one hundred eighty (180) days advance written notice if Supplier plans to discontinue production of any Product (excluding Manufactured Product) or discontinue use of any Tooling (defined below). NCR will notify Supplier of the disposition of the Tooling. For avoidance of doubt, Supplier will not dispose of Tooling except as directed by NCR in writing by an NCR Vice President unless for projects announced EOL for over 5 years.

2.2.4 Supplier will provide a minimum of one hundred eighty (180) days advance written notice for Product (excluding Manufactured Product) going End of Life (EOL).

2.3 NCR-requested Changes

2.3.1 NCR may, from time to time, request Supplier to make a change in the Specification or Product. Such change will be communicated to Supplier in the form of a Design Revision ("DR"), a Request for Change (deviation request) ("RFC"), or a "Stop Order/Release" ("SO") (collectively, an "Authorized Change Request"). For avoidance of doubt, unless the change request is in the form of a DR, a RFC, or a SO, Supplier will consider any change request to be unauthorized and any reliance thereon will be at Supplier's sole risk and expense including without limitation any excess or obsolete inventory, necessary re-work, or FRO, arising there from. On receipt of an Authorized Change Request from NCR, Supplier will in all cases provide NCR with the following information by no later than the tenth business day following receipt of the Authorized Change Request:

- Non-recurring engineering cost to implement the Authorized Change Request
- Product price changes (it is anticipated that cost reductions typically result from an Authorized Change Request)

- Current inventory exposure for obsolete or superseded Products
- Proposed implementation date (if not addressed in the Authorized Change Request)
- Any changes to the manufacturing or methods required to implement the Authorized Change Request

2.3.2 NCR will approve, deny, or conditionally approve the Authorized Change Request in writing based on Supplier's responses. No Authorized Change Request will be implemented by Supplier unless approved by NCR.

2.3.3 After the Initial Term NCR will provide one hundred eighty (180) days advance written notice to Supplier for discontinuation of Supplier's production of Manufactured Product.

2.4 For avoidance of doubt, Supplier is responsible for all costs of any kind incurred by Supplier, NCR, Designated Purchasers, or NCR customers, attributed to any change (whether a Supplier initiated or NCR initiated change request) that is not approved by NCR in writing pursuant to the NCR change control process.

3. MANDATED MATERIAL PROVIDERS

NCR requires the Supplier to use the following suppliers Tier 2 Suppliers of Parts, including raw materials, subcomponents, subassemblies, or other materials, in its process or incorporated into the Products (printed copy is detailed at Exhibit 6):

4. NCR REQUIRED PACKAGING

All Products will be packaged by Supplier in accordance with generally accepted industry standards or, if more stringent, as otherwise specified by NCR in writing, including in the Supplier Quality Manual and the Service Design & Logistics Supplier Guide (see Schedule C). Supplier shall use commercially reasonable efforts to ensure that all packaging is sufficient for the mode of transportation and the intended destination and that each package, and the Products therein, is delivered in acceptable condition for its intended use and purpose. Supplier shall mark each discrete package and Product therein, with a UPC bar code label.

5. NCR PROPERTY (INCLUDING TOOLING) ISSUED TO SUPPLIER

5.1 All property, including that listed below, issued to the Supplier by NCR for use in connection with this Agreement is and will remain the property of NCR ("Property").

5.2 Supplier shall be responsible for maintaining the Property in good order and condition (normal wear and tear excepted) and for all operating costs of such Property during the period it is on issue to it and within normal lifetime of such Property. No charge will be made by NCR for the Property, but during the period it is on issue to Supplier, Supplier shall be responsible to the full replacement value for all loss or damage incurred and will keep the Property insured at Supplier's expense against any loss or damage, and in an amount equal to the replacement cost thereof, with loss payable to NCR. All such Property shall be marked as belonging to NCR, and shall appear as such in Supplier's records. No such Property shall be altered or modified without the prior written permission of NCR.

5.3 Supplier will not sell, assign, charge or permit any lien to be created over or encumbering the Property nor sub-contract its use without the prior written authorization of NCR. Supplier will not use the Property other than for the manufacture of Products to be supplied to NCR hereunder.

5.4 If Supplier's operation is subject to a labor dispute, adjudged bankrupt, or has a Receiver appointed, NCR reserves the right to enter upon the premises where the Property is located, and to take possession thereof.

5.5 Either party may request the withdrawal of the Property by providing the other party with prior sixty (60) days prior written notice. During that sixty (60) day notice period NCR shall provide Supplier with instructions for the disposition of the property. Supplier shall be responsible for the disposition of all such Property (in good order and condition) and any transportation charges incurred will be discussed and agreed.

LOCATION	DESCRIPTION	DATE OF ISSUE	AUTHORIZED ALTERATIONS	DATE OF RETURN

*** End of Schedule ***

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SCHEDULE B

INITIAL PRICING, LEAD TIMES, DESIGNATED PURCHASERS AND DESIGNATED VENDORS

1. PRODUCT PRICING AND LEAD TIME

The initial price for the Products and Parts will be provided via e-mail separately.

2 DESIGNATED PURCHASERS

Any NCR/Supplier Affiliates listed below.

2.1 NCR DESIGNATED AFFILIATES

NCR GLOBAL SOLUTIONS LTD
NCR CORPORATION INDIA PVT LTD
NCR WORLDWIDE CUSTOMER SERVICE
NCR RETAIL SERVICES DIVISION

2.2 DESIGNATED VENDORS

Supplier's Affiliates as follows:

USI Electronics (Shenzhen) Co., Ltd.
Universal Scientific Industrial de Mexico S.A. de C.V.

***** End of Schedule *****

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SCHEDULE C
QUALITY ASSURANCE AND TESTING

The **Service Design & Logistics Supplier Guide** located at the link noted directly below is incorporated into and made a part hereof to the Agreement.

<http://www.ncr.com/company/suppliers/manuals-forms-and-templates>

1.0 PURPOSE

The intent of this Schedule is to establish a mutual understanding and agreement of NCR's qualitative goals and objectives. Supplier must commit to data driven processes based on continuous improvement and defect prevention with a goal of delivering defect free Products (which is understood to also include parts) to NCR and its customers.

2.0 QUALITY PERFORMANCE

If performance levels are not consistently maintained, NCR requires Supplier to undertake reasonable commercial efforts to bring performance levels within the desired range. All identified performance goals will be applied to each Supplier manufacturing site individually.

3.0 QUALITY MANAGEMENT SYSTEM

Supplier shall establish and maintain a quality management system capable of measuring and evaluating product quality. Supplier's system shall be ISO 9001/9002 registered, as applicable, including any evolution of these ISO standards, or contain all the standard requirements of an ISO System.

3.1 Closed Loop Corrective Action (CLCA). Supplier shall establish and maintain a CLCA Process capable of addressing any quality issue. Root Cause Analysis and CLCA may be triggered by the discovery of a problem from any source (e.g., engineering test failures, manufacturing failures, or field failures). Supplier shall provide a written response within the specified time defined in the Supplier Corrective Action Response (SCAR), typically 24 hours dependent on the severity of the problem. The response shall include information demonstrating institutionalized quality improvement. See Addendum 6 for Corrective Action Procedure form.

3.2 Quality Reporting. Supplier shall provide monthly performance results and supporting data when requested to support the objectives outlined in this section.

4.0 HOLDS AND REJECTIONS

4.1 General. NCR shall notify Supplier if NCR or its Designated Purchasers places any Products on hold for further investigation of a nonconformity or a deviation report, or if NCR or its Designated Purchaser rejects, on condition that such Products is not conformity with mutually agreed-upon specification (including perform, any lot (or part thereof) of any product within sixty (60) days after delivery of such products to NCR or its Designated Purchaser. Any such notice shall state the basis for the hold or rejection.

4.2 Independent Testing. If the parties disagree as to whether Products subject to hold or rejected meet the Specifications, NCR's and Supplier's most senior quality assurance officer or such other persons as they may designate, shall confer to review samples and/or lot records, as appropriate. If the disagreement is not resolved, then samples, lot records and other data relating to the lot in dispute shall promptly be submitted for testing and evaluation to an independent third party approved in writing by both Parties. The cost of the

testing and evaluation by the third party shall be borne by NCR if the third party determines that the Products tested meet Specifications and by Supplier if the third party determines that the Products tested do not meet Specifications.

5.0 DEVIATION REPORT; NONCONFORMITY

5.1 Deviation Reports. If during the manufacture or other handling of a Product by Supplier (i) the process or tested Product limits and quality measurements vary from typical or established report ranges, release guidelines or release limits, (ii) Specifications were not followed in production of the Products, or (iii) the Products fail to conform to Specifications, then Supplier shall prepare as soon as practicable following the discovery of such deviation a written report detailing such deviation (a “Deviation Report”) and promptly send such Deviation Report, along with all supporting documentation, to NCR and to all Designated Purchasers.

5.2 Nonconformity. If either party becomes aware that any lot or shipment of Products has a Nonconformity, at any time regardless of the status of Supplier’s testing and quality assurance activities, such Party shall notify the other Party within 72 hours of becoming aware of a Nonconformity. “Nonconformity” means a Product characteristic that (i) is attributable to Supplier’s failure to design, manufacture, test, package, store, label, release or deliver any Product in accordance with the Specifications or (ii) causes any Product to fail to conform to the Specifications.

5.3 Products Subject to Nonconformity or Deviation Report. Any lot or shipment of Product that is the subject of a Nonconformity or of a Deviation Report shall be handled as follows:

- Products held in inventory by Supplier shall not be shipped to NCR or to Designated Purchasers, unless directed otherwise by NCR or by Designated Purchasers;
- Any Products shipped to NCR or its Designated Purchaser and held in stock shall maintain a “Hold” or “Unpassed” status, and shall not be released into passed inventory of NCR or its Designated Purchasers, until NCR or Designated Purchasers has completed any investigations related to such Products and approved the disposition of the Product subject to the Nonconformity or the Deviation Report;
- NCR shall provide written instructions to Supplier as to the destruction of any nonconforming Products, and such instructions shall comply with all appropriate government requirements.

6. PRODUCT COMPLAINTS

Any and all complaints of which Supplier becomes aware relating to any Product shall promptly be forwarded to NCR.

7. RETAINED SAMPLES

Supplier shall retain the samples from the part qualification for each product as golden (master) samples with both NCR and Supplier signoff on each product, with the date. All manufacturing lots thereafter must conform to that golden sample and to the qualification date submitted at the time. This will apply to all new products and any revisions thereafter

8. QUALITY PERFORMANCE AND OUT OF BOX QUALITY GOALS

Supplier shall use reasonable commercial efforts to meet the Out of Box quality requirements for Products being delivered to NCR and/or its Designated Purchasers as defined in the table below. An Out of Box failure is defined as a non-conformance against the Product/ Specifications. The measurement is an aggregate

of all products shipped from the manufacturing facility. Quality levels will be calculated by dividing the Total Number of Failures by the Total Quantity of Units Used Without Failure X 100.

Annually

Metrics	1 st Quarter Goal	2nd Quarter Goal	3rd Quarter Goal	4th Quarter Goal
DPPM	[*****]	[*****]	[*****]	[*****]

*** End of Schedule ***

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SCHEDULE D

HARDWARE SUPPORT REQUIREMENTS & SPARE PARTS

1. SCOPE

NCR will be the primary point of contact for all NCR direct and channel customers ("Customers") with Hardware problems. Supplier will provide the services set out in this Schedule to enable NCR to support Customers.

2. TECHNICAL INFORMATION

2.1 Throughout the Term of the Agreement, Supplier will provide the following "Technical Information":

2.1.1 Problem History Database that is regularly updated and includes descriptions of all changes, enhancements, or problem fixes provided by Supplier, in a format suitable for publishing on NCR's corporate intranet;

2.1.2 Technical Documentation that has been mutually agreed-upon and specified in applicable statement of work or non recurring engineering quotation, includes all information necessary to install, diagnose, repair and maintain the Hardware, such as user, operator, service and systems administrator manuals; engineering drawings and schematics ; logic and timing diagrams; service test procedures and a list of any special tools and service test equipment used; site preparation and installation specifications; software and related documentation for the purpose of problem identification and resolution; technical bulletins, engineering change orders, software updates, fixes and version changes and web site access; and other relevant materials; in an electronic format suitable for both reproduction and for publishing on NCR's corporate intranet, all of which will be updated from time-to-time as it becomes available. Supplier will provide such documentation to NCR as soon as practicable, but within thirty (30) days following mass production for the Hardware. New Technical Information documentation will be provided to NCR within thirty (30) days following its creation.

2.1.3 Diagnostic Software ("Diagnostics") that includes computer programs (including manufacturing test software) that may be used for the purpose of servicing, maintaining and diagnosing Hardware or having any of the foregoing done.

2.1.4 Supplier hereby grants to NCR a royalty free non-exclusive, mutually agreed-upon wide license and right to copy, modify and use, and have copied, modified and used, the Technical Information (including Software Fixes, Updates and Version Changes) provided by Supplier for the purpose of providing support, maintenance, manuals, training or support materials or the like concerning the Hardware to NCR Customers if covered by non recurring engineering quotation. Such Technical Information will be used solely to support the Hardware.

2.1.5 NCR will not knowingly provide the Technical Information (especially Software Fixes, Updates and Version Changes) to NCR's Customers who have not licensed or purchased the corresponding Hardware. All copies of such Technical Information (especially Software Fixes, Updates and Version Changes) made

by NCR will contain any copyright, trademark, disclaimer or patent notices that appear on or in the original Technical Information provided by Supplier.

3. TRAINING

As requested by NCR and NCR agreed to pay for relative costs if any, Supplier will provide Hardware training in the following areas: (a) engineering and design; (b) set-up and installation; (c) maintenance and field repair; (d) depot repair; (e) help desk procedures, and (f) end-user operation. Supplier authorizes NCR to videotape such training classes and grants to NCR a royalty free license to duplicate and distribute the videotape(s) and any related class materials to NCR personnel and authorized support providers.

4. TECHNICAL SUPPORT

4.1 Technical Support Process. Supplier must maintain an industry standard technical support process. NCR will continue to be the sole point of contact to the Customer throughout the problem resolution process. NCR will be responsible for providing level I (call-center etc.) & level II (customer service depot for system level repairs) support to its Customers. NCR will engage Supplier for level III (board level repairs manufactured by USI) support. Supplier will make available via telephone or pager five (5) days per week, eight (8) hours per day, individuals sufficiently skilled to assist NCR in problem resolution. Supplier's technical representatives will be available to provide on-site support at Customer locations when deemed necessary by NCR. NCR will handle the initial Customer requests for technical support, escalating issues to Supplier as required.

4.2 Response, Update and Resolution Guidelines. When Supplier is engaged by NCR in problem resolution, Supplier will comply with the following guidelines enabling NCR to meet commitments to Customers. Time measurement begins when Supplier is first contacted by NCR. Time frames stated in days are working days.

Priority Level	1 – Critical	2 – Urgent	3 – Routine
Priority Level Definition	A problem that critically impacts the Customer's ability to do business. A significant number of users of the system and/or network are unable to perform their tasks as necessary. The system and/or network is out of service or severely degraded.	A problem that impacts the Customer's ability to do business, the severity of which is significant and may be repetitive in nature. A function of the system, network or Hardware is impacted.	A minor problem that negligibly impacts the Customer's ability to do business. Also includes questions and/or general consultation.
Initial Response to NCR	[*****]	[*****]	[*****]
Status Updates to NCR	[*****]	[*****]	[*****]
Targeted Resolution	[*****]	[*****]	[*****]

4.3 Software Fixes and Updates.

4.3.1 “**Software Fix(es)**” means software problem fixes, critical patches, modified documentation or other changes intended to correct feature/function deficiencies in the Hardware and/or system vulnerabilities.

4.3.2 “**Software Update(s)**” means changes to the Hardware which incorporate accumulated Software Fixes into the then-current version of the Hardware. Where Supplier has provided the Software, Supplier will, at its expense, provide NCR with all Software Fixes and Software Updates developed by Supplier during the Term of the Agreement. Where NCR’s Software or a third party Software is used, Supplier in conjunction with NCR, will embark upon NCR’s Change Request process in a timely manner.

4.4 **Software Version Changes.** If a version change to Hardware which includes software addresses an identified Customer problem which has not been previously resolved by a Software Fix or Software Update, Supplier will, at its expense, provide NCR with Hardware with the new version of the software..

4.5 **Supplier Point(s) of Contact.** Supplier’s point(s) of contact for Technical Support will be provided to NCR not later than the Effective Date of the Agreement.

4.6 **Technical Support Availability.** Supplier’s Technical Support as described in this Section 4 will be available to NCR during the Availability Period (see Section 6.1).

5. PART CHANGES

5.1.1 In the event Hardware requires a new version of a Part, Supplier will identify by serial or tracer number the Hardware requiring a newer version of the Part. Supplier will continue to make available, for the time period specified in Section 6 below, Parts supplied to NCR which are identical to or interchangeable with all previous versions utilized in Hardware supplied to NCR unless NCR should so indicate that this is not necessary.

5.2 **Notification of Hardware/Engineering Changes.** Per Section 7.2 of the Agreement and Section 2 of Schedule A of the Agreement, NCR reserves the right to approve any Hardware Changes. If such approval is given by NCR, Supplier agrees to notify NCR in writing at least ninety (90) days in advance (or a date mutually agreed upon) of any change in purchased or manufactured Parts which affect form, fit, function, field maintenance or safety agency approval. Notification will be provided to:

Graham Crabb
NCR Corporation
200 Highway 74 South
Peachtree City, GA 30269 USA
ATTN: ECC

6. PARTS

A complete list with NCR Part Numbers for Hardware and available Parts (“**Parts List**”) will be provided to NCR by Supplier at least thirty (30) days prior to the delivery of the first Hardware of each type ordered by NCR. Such Parts Lists will include the information set out below.

MSDS Data,
Country of Origin,
Vendor / Supplier Lead Time (days)
Rework Turnaround Time Days (if applicable)
Warranty Turnaround Time Days (if applicable)
Part Cost (\$)
Rework Cost (if applicable)

All Parts which are subassemblies or modules and which are identified on a Parts List will have affixed markings, which include the NCR Part Number, revision level, date of manufacture, country of origin, and an Original Equipment Manufacturer (“OEM”) identifier.

6.1 Parts and Components Availability. During the Availability Period and subject always to the notice requirements in Section 6.2 of this Schedule, Supplier will make available to NCR such spare Parts (and Hardware itself when necessary) as NCR may require for all releases of Hardware as necessary for NCR to repair Hardware. “Availability Period” means the period starting on the beginning of mass production of related Products under this Agreement and continuing to no more than [*****] from the last delivery under mass production, and for [*****] after the Availability Period Supplier will make all commercially reasonable efforts to source alternative parts if Parts provided under this Agreement have been discontinued/EOL. In the event of a final buy requirement during such Availability Period, NCR and Supplier will meet to discuss the quantities of parts, materials, processes and personnel required to ensure continuing availability of Parts List for NCR. Spares shall be provided on equivalent terms to those set out in this Agreement and at the prices to be agreed by the parties at that time. NCR acknowledges that after EOL reasonable adjustments may be made to spare parts pricing, and Supplier shall be allowed to add up additional costs imposed by any manufacturers or incurred for the supply of such EOL spare parts, including but not limited to the price for lower MOQ, raw material cost up, holding material, or fixtures broken, etc., based on actual situation.

6.2 Discontinuation Notice. After the Availability Period, Supplier will notify NCR in writing at least ninety (90) days prior to discontinuing the availability of any Part or component. Once receiving notification from Supplier, NCR shall provide a last time buy quantity and place a last buy order, with delivery not to exceed six (6) months from the date of the last-buy Order, for such quantities as NCR deems necessary to fulfill its Hardware support requirements. NCR will require Supplier to transfer everything required to produce the Parts to a supplier specified by NCR, and in such case, NCR shall ensure that said supplier only use said everything provided by Supplier for supply solely to NCR to fulfill its Hardware support requirements. The foregoing includes, but is not limited to, detail part sources with confirmed availability for all Bill of Material parts, test equipment, test fixtures, manufacturing aids, test processes, yield information, and engineering documentation.

6.3 Non-Interchangeable Part Change. If there is any change proposed by USI to a current Part (which has been agreed by the parties) that affects its ability to replace the current Part, , Supplier will provide a different Part Number for the latest version Part. Supplier will replace or reimburse NCR for Parts in NCR’s service part inventory and for any NCR-owned test and repair equipment unique to Supplier’s Hardware, which is made obsolete as a result of Hardware/Part changes, Reimbursement will equal and no more than

NCR's original cost (including delivery) for such Parts. Reimbursement for test and repair equipment will be equal to and no more than NCR's replacement cost, or Supplier may reimburse NCR for the cost to modify test and repair equipment so that it remains useable. At Supplier's option and expense, NCR will return obsolete Parts and test and repair equipment which have been replaced (or for which NCR has been reimbursed) by Supplier. If any change required by NCR result in USI inventory exposure for obsolete or superseded parts or components, which are no longer suitable for use in following production for NCR, the parties will discuss and agree liability for costs.

7. EMERGENCY ORDERS

SUPPLIER AGREES TO ACCEPT EMERGENCY ORDERS FOR PARTS AND SERVICES FROM NCR. SUPPLIER WILL USE COMMERCIALY REASONABLE EFFORTS TO FILL ALL EMERGENCY ORDERS, PROVIDED THAT NCR WILL TAKE RESPONSIBILITY FOR ANY ADDITIONAL COSTS INCCURED HEREBY AND EXCESS STOCK INCURRED BY SUPPLIER TO SUPPORT SUCH EMERGENCY ORDERS. SUPPLIER WILL USE COMMERCIALY REASONABLE EFFORTS, INCLUDING TAKING MATERIAL FROM PRODUCTION OR FROM OTHER NCR CUSTOMERS' NON-EMERGENCY ORDERS, TO PERFORM THE SERVICES AND MAKE PARTS AND HARDWARE AVAILABLE FOR SHIPMENT. SUPPLIER WILL PROVIDE WAYBILL INFORMATION TO THE NCR EMERGENCY ORDER ORIGINATOR AS SOON AS POSSIBLE. SUPPLIER'S POINT(S) OF CONTACT FOR EMERGENCY ORDERS WILL BE PROVIDED TO NCR UPON SIGNING OF THE AGREEMENT OR THE EFFECTIVE DATE OF THIS SCHEDULE. SUPPLIER WILL SHIP PARTS OR HARDWARE ON AN "OVERNIGHT" BASIS, OR MAKE SUCH PARTS OR HARDWARE AVAILABLE FOR IMMEDIATE PICKUP, AT NCR'S DISCRETION.

8. REWORK SERVICES

"Reworkable Parts" are Parts that have failed, but may be reworked to perform in accordance with the OEM specifications, and are returned in functionally good condition. Supplier's quotation will identify all Reworkable Parts and include the repair price for each Part. Reworkable Parts under warranty at the time of failure will be reworked by Supplier and returned to NCR in accordance with the warranty terms of the Agreement and the warranty reimbursement terms of this Schedule.

8.1 Supplier Rework Locations. Supplier's location(s) for receipt of Reworkable Parts will be provided to NCR, and should such Supplier location(s) be unacceptable to NCR, NCR reserves the right to choose an alternate repair supplier, based on mutual agreement, as regional return locations are preferred by NCR.

8.2 Condition of Rework Parts. Supplier agrees that Reworked Parts and packaging will be in clean, functionally like new condition including external, internal, cosmetic condition and will be labeled per the guidelines as specified in the NCR Supplier Guide.

8.3 Inspection of Rework Services. If any Rework Services do not conform to the requirements of the Agreement, NCR may, upon mutual-agreement, require the Supplier to re-perform the Rework Services at no additional cost to NCR. Supplier will provide a Return Material Authorization (RMA) number within twenty-four (24) hours of NCR's request for a RMA enabling NCR to return non-conforming Parts. If defects in Rework Services cannot be corrected by re-performance, NCR may (1) require the Supplier to take necessary action to ensure that future performance conforms to requirements and pay shipping costs both ways; and/or (2) refund the purchase order price and shipping costs paid by NCR. NCR shall pay for all shipping costs and expenses if a Part is found being NDF (no defect found)/CID (customer induced damages).

8.4 Non-Reworkable (Repairable) Parts. If the Supplier determines the Part is not repairable, the Supplier will contact the NCR Buyer listed on the Order for disposition instructions. Decisions to scrap NCR property will be solely that of NCR and will not be independently made by the Supplier without consultation with NCR. With two (2) weeks written notice, NCR may request permission to visit a specific repair location to inspect Parts deemed as scrap, and review with the Supplier procedures and accountability of NCR assets.

8.5 Discontinuance of Repair Services. For all parts, Supplier will notify NCR in writing at least ninety (90) days prior to discontinuing repair services for any Part. In such event, Supplier will, upon a separate mutual agreement, provide to NCR applicable Engineering drawings, Part specifications, processes and all other information relevant to the manufacturing and repair of the Part that will allow NCR to move the repair requirements to an alternate repair provider.

9. NCR SUPPLIER GUIDE AND NCR TRANSPORTATION GUIDE:

Supplier agrees to carefully review the NCR Americas Supplier Guide as well as the NCR Transportation Guide, and make reasonable commercial effort to comply with the terms therein. Supplier may obtain the most recent versions of the NCR Americas Supplier Guide and NCR Transportation Guide at:

<http://www.ncr.com/company/suppliers/manuals-forms-and-templates>

Supplier will immediately notify NCR if it is unable to comply with any provision of the NCR Americas Supplier Guide or NCR Transportation Guide prior to signing the Agreement. Failure to comply with the Supplier Guide or Transportation Guide will result in an alternate supplier sourcing.

10. SUPPLIER'S DISTRIBUTION AND SINGLE PACK CAPABILITY. Supplier shall accommodate NCR special requests for drop shipping single unit packs (as opposed to any MOQ normally ordered by NCR manufacturing) of Parts or Hardware to NCR Customers or NCR designated Distribution Centers in the Americas, Europe, the Middle East and Africa, and Asia Pacific and Japan. Any adjustment in price for creating single unit packs shall first be discussed and agreed to between the parties before implementation.

*** End of Schedule ***

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SCHEDULE E

COST REDUCTION PLAN

Supplier will actively pursue cost reductions and implement continuous cost improvements through value analysis and value engineering. Supplier will provide a quarterly cost reduction plan to meet the target set below. In furtherance hereof, NCR may conduct benchmarking activities, including reverse auctions, with respect to the Product prices.

All material cost reductions and manufacturing cost reductions identified by the Supplier, will be [*****]. All material and value engineering cost reductions identified by NCR will be [*****].

Cost reduction will mean the net value of the on-going reduction less the costs of introduction amortised over a mutually agreed period of time and / or volume of product delivered, and will be reflected as corresponding price reductions.

A formal review of manufacturing and material costs aimed at the implementation of a cost reduction program will be carried out on an on-going basis.

Supplier commits to best efforts to achieve maximum cost reduction annually.

*** End of Schedule ***

NCR Confidential

SCHEDULE F

LONG LEAD TIME PARTS APPROVAL

The parties have agreed that at the execution of the Agreement, NCR has authorized the Supplier to keep on hand in inventory at all times the Long Lead Time Parts and the associated quantities provided via e-mail.

Notes:

- 1) NCR's liability under this Schedule shall be limited to Product detailed herein and not anything in excess of that stated.
- 2) NCR and Supplier may add additional Long Lead Time Parts to this Agreement going forward by written email indicating the information noted above including "Quantity to keep on hand".

SCHEDULE G

ELECTRONIC DATA INTERCHANGE (EDI)

1.0 PURPOSE.

1.1 Supplier and NCR desire to execute the transactions listed in Attachment G1 ("TRANSACTION SET") by transmitting and receiving the data sets implementing those Transactions ("Documents") electronically rather than in paper form, and to provide for the legal validity and enforceability of those Documents. Unless otherwise specified, all defined terms in the Agreement have the same meaning when used in this Schedule.

1.2 Documents will be transmitted electronically to each party either as specified in Attachment G1 directly or through any third party service provider ("**Provider**") with which either party may contract. Either party may modify its election to use, not use, or change a Provider thirty (30) days after written notice under Section 5.3 has been accomplished.

2.0 PREREQUISITES.

2.1 Each party must, at its own expense, provide and maintain the equipment, software, and services necessary to transmit, receive, store and handle Documents under this Schedule. Charges specific to third party network, if any, are outlined in Attachment G1.

2.2 Each party must implement security procedures (including those specified in Attachment G1, if any) which are reasonably designed to ensure that all Document transmissions are authorized and to protect each Party's respective business records from improper access.

2.3 Each party agrees to adopt as a signature an electronic identification (e.g., a Duns Number) consisting of symbols or codes which will be transmitted with each Document to authenticate that Document ("**Signature**").

2.4 The parties will identify contacts for issues in this Schedule to each other prior to engaging in EDI transactions.

3.0 DOCUMENT TRANSMISSIONS.

3.1 All Document transmissions must conform to the standards listed in Attachment G1 ("**Standards**").

3.2 Unless the Standards specify otherwise, after receiving a Document, the receiver must promptly electronically transmit a functional acknowledgment. A functional acknowledgment is conclusive evidence of receipt of a Document, but a Document is not deemed to be transmitted under this Agreement except as Section 5.2 of this Schedule provides.

3.3 The receiver of a garbled or unintelligible Document must promptly notify the originator (if identifiable from the received Document) in a reasonable manner. If the receiver reasonably could have given that notice but did not, the originator's records of the contents of that Document will control.

4.0 TRANSACTION TERMS.

Except to the extent a Document expressly provides otherwise, each Transaction will be subject to this Schedule and the Agreement. If there is a conflict between any term of this Schedule and any term of the Agreement, the terms of the Agreement will control.

5.0 VALIDITY AND ENFORCEABILITY DOCUMENTS.

5.1 This Schedule confirms each party's intent to enter into binding Transactions by electronically transmitting and receiving the appropriate Documents. Each party's conduct under this Schedule, including NCR's use of Signed Documents, is for all purposes a course of dealing and a course of performance which each party accepts in furtherance of this Schedule and any Transaction.

5.2 A Document has no effect under this Schedule until (i) that Document is intelligible at the receiver's Receipt Computer designated in Attachment G1 except as provided in Section 3.3 above, and (ii) if the Transaction requires acceptance of that Document, the originator of that Document has received the corresponding acceptance Document. Any electronic transmission which is not a Document has no effect except to the extent specified in a separate written agreement between the Parties.

5.3 Any Document effective under Section 5.2 is for all purposes (i) a "writing" and "in writing," and (ii) an "original" when printed from electronic records established and maintained in the normal course of business. Transmission of a Signature with a Document effective under Section 5.2 will be sufficient to verify that the owner of the Signature originated that Document ("Signed Document"). A Signed Document is for all purposes "signed."

5.4 Each party agrees not to contest the validity or enforceability of any Signed Document because of the electronic origination, transmission, storage, or handling of that Signed Document. Each party agrees that Signed Documents, if introduced on paper in any judicial, arbitration, mediation, or administrative proceeding, will be admissible to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party may contest the admissibility of copies of Signed Documents under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Signed Documents were originated and maintained in electronic form.

6.0 NOTICES.

6.1 Written notices under this Schedule shall be directed to:

NCR Contact: Chip Fletcher	Supplier Contact: <u>Isabel Chen</u>
e-mail: chip.fletcher@ncr.com	e-mail: <u>isabel_chen@usiglobal.com</u>
Tel. #: +1 770-299 6512	Tel. #: <u>886-49-221-2700 Ext. 26042</u>
	Contact: Fax: <u>Fax: 886-49-2352436</u>

With copies to:	Title: <u>Universal Global Scientific Industrial Co., Ltd</u>
NCR Corporation	Address: <u>141, Lane 351, Taiping Road,</u>
864 Spring St NW	<u>Sec. 1, Tsao Tuen, Nan-Tou, Taiwan</u>
Atlanta, Georgia 30308	_____

6.2 If at any time Supplier and NCR mutually agree to discontinue EDI, this Schedule will be removed pursuant to the notices section above.

6.3 Attachment G1 may be revised by the parties by executing a revised version which will supersede and replace the previous version. This Schedule does not obligate either party to enter into any Transaction.

ATTACHMENT G1

STANDARDS, DOCUMENTS, RECEIPT COMPUTERS, THIRD PARTY NETWORKS, NCR INTERNET FILE TRANSFER, AND SECURITY PROCEDURES

A. STANDARDS

Here is the list of standards that NCR's EDI currently uses

- ANSI X12
- EDIFACT
- Tradacoms
- Rosetta net
- cXML
- XML

There are more standards that can be supported by NCR's EDI but are not currently being used.

The preferred standards for exchange between Supplier (Trading Partner) and NCR Corporation will be **V/R 4010 of the ANSI X.12** unless otherwise specified by the NCR system interface. Supplier's VAN is NA. The ANSI version will also be determined by the NCR system interface.

This includes the transaction sets outlined in part B of this Attachment, data dictionary, segment dictionary, and transmission controls.

The parties recognize the need to remain current with the standards and will in good faith, where commercially practicable, support the latest released standards.

All Orders for delivery will be transmitted by EDI to <https://edihub.ncr.com:5580/as2> facilities based in NA.

B. TRANSACTION SET

The table below shows a typical supplier implementation with NCR's preferred standard and version i.e.) ANSI X12 and version 4010. NCR's EDI is not limited to the following transaction sets, there are more Documents in the same and other standards (outlined in Part A) that are supported.

Transaction Set Number	Document Name	Inbound or Outbound (NCR's Perspective)	Type of Acknowledgment Required
830	Planning schedule/ Part forecast	Outbound	997
850	Purchase Order	Outbound	997
855	Purchase Order Ack.	Inbound	997
860	Purchase Order Change Req.	Outbound	997
810	Invoice	Inbound	997
856	Ship Notice/Manifest	Inbound	997

Typical supplier implementation using EDIFACT version 92.1 can have the following transaction sets

Transaction Set Number	Document Name	Inbound or Outbound (NCR's Perspective)	Type of Acknowledgment Required
DELJIT	Delivery Just in time message	Outbound	CONTRL
DELFOR	Delivery Forecast	Outbound	CONTRL

Attached sheet contains all the transactions that are currently used by NCR

C. DATA TRANSFER

These are the data transfer mode that are prevailing in NCR, they are listed in order of their preference:

- 1.) NCR INTERNET FILE TRANSFER
- 2.) HTTP/HTTPS OVER THE INTERNET
- 3.) EDIINT AS2
- 4.) THIRD PARTY NETWORKS - VAN

1.) NCR INTERNET FILE TRANSFER (**Preferred Mode**)

NCR has the ability to send EDI files via an internal process, Customer Transfer Services, to a secured NCR server that resides outside NCR's firewall. Each supplier has specific directory/sub-directories on this server that can only be accessed by an NCR assigned login and password. NCR would send Supplier files that would be placed in a "rcv" sub-directory under a main edi directory. Supplier's process would need to pick up those files and then remove them from the "rcv" sub-directory. Supplier would then place its outbound files in the "snd" sub-directory. NCR's process would pick up those files and remove them from the "snd" sub-directory. To initiate this process, EDI requests the required login and directory setups from the Customer Transfer Service team and once those are completed, testing can begin.

The section below provides additional detail. Questions can be addressed to our EDI mailbox:

mailto:ES200015@exchange.DAYTONOH.NCR.com ; EI230091@ncr.com

Additional setup information

Use the following name for FTP or SFTP connectivity: (**Contact File Transfer Services for information**)

A login and password will be provided to Supplier once NCR's setups have been completed.

Under Supplier's login directory, there will be an "edi" sub-directory. Under the "edi" directory there will be three sub-directories: "wrk", "snd" and "rcv".

If Supplier is picking up files from NCR's system, Supplier will find them in the "rcv" directory.

For sending files to NCR, Supplier's process must use one of the following two methods:

METHOD 1. Copy the file(s) to the "edi/wrk" directory, 'chmod' to 644, then move the file(s) to the "edi/snd" directory

METHOD 2. Copy the file to the "edi/snd" directory with a .wrk extension and then remove the .wrk extension when the file copy has completed. NCR does not pickup files with .wrk extensions. This ensures that NCR's file transfer service will not pick up incomplete files.

2.) HTTP/HTTPS OVER THE INTERNET

NCR can also send/receive files with the suppliers servers using HTTP over the internet. Supplier should have the capability to send and receive data using HTTP. Each party will maintain the security of the data over the internet by using certificate based authentication and encryption. Suppliers need to allow some fixed NCR server IPs in their firewall and same will be done in the NCR's firewall for the supplier's predefined servers.

3.) EDIINT AS2

To communicate with NCR using AS2 the supplier need to have AS2 capability. Each party will maintain the security of the data over the internet by using certificate based authentication and encryption. Suppliers need to allow some fixed NCR server IPs in their firewall and same will be done in the NCR's firewall for the supplier's predefined servers.

4.) THIRD PARTY NETWORKS - VAN

1. **Identities of Networks.** Each party will maintain with a third party data communications network, an electronic mailbox to which EDI messages may be sent. Each party will give the other at least thirty (30) days advance written notice before changing its Network

NCR's Networks _____ Your Network: NA

Global Exchange Services – GXS (Preferred VAN)

Sterling Information Broker - Comment

2. **Expenses.** Each party will be responsible for its own costs of maintaining its electronic mailbox, including any minimum use charges. Charges by a Network for network usage, data translation, formatting, archiving, and similar services will be borne by the party requesting them. If the parties employ the same Network, the sender of a message will pay all sending-related charges imposed by the Network, and the recipient will pay all receiving-related charges. If the parties employ different Networks, each will be responsible for the charges of its own Network

D. LEAN EDI CONCEPTS AND GUIDELINES

Redundancy, reoccurring cost, bulky standards, expensive communication modes, primitive implementations etc. are few areas that can be targeted for improvements in any EDI system. Substantial monthly savings can be achieved for the company and its trading partners by taking the right measures to identify and eradicate these "**wastes**". Attached document highlight some of these wastes and guidelines to reduce them.

Content of the attached document are up to the discretion of the reader, and are not mandatory to be followed to setup EDI with NCR. The document is an effort by NCR to establish such EDI practices so that NCR and its trading partners

can mutually be benefited by regulating the reoccurring expenses and can jointly attain new maturity levels in the EDI implementations.

E. SUPPLIER NETWORKS

NCR currently has accounts with two such networks

- 1.1. Ariba supplier Network.
- 1.2. Hubwoo supplier Network.

F. RECEIPT COMPUTERS: The parties will identify the receipt computers to each other sufficiently in advance of starting EDI transactions.

G. SECURITY PROCEDURES. To be set by Mutual Agreement.

***** End Of Schedule *****

EXHIBIT 1

MANUFACTURING SERVICES

The terms and conditions of this Exhibit apply to the supply by Supplier of Manufactured Products to NCR and supplement the terms and conditions in the Agreement. If there is any conflict between the provisions of the Agreement and this Exhibit, this Exhibit prevails.

1. APPOINTMENT

1.1 NCR appoints USI as a non-exclusive primary assembler of the products set forth in Attachment 1 to this Exhibit to NCR's specification ("Manufactured Products") subject to the terms and conditions of this Exhibit and the Agreement and provided Supplier remains competitive, including meeting NCR's cost (total cost of ownership) and quality requirements.

1.2 At all times during the term of the Agreement, Supplier will occupy and maintain facilities in compliance with all Legal Requirements and adequate to produce the Manufactured Products for sale and delivery to NCR and to perform its obligations under the Agreement.

1.3 Subject to the terms and conditions of this Exhibit and the Agreement, NCR hereby grants to Supplier a non-exclusive, non-sublicensable, revocable limited license to internally use, at USI's place of business, any of NCR's patents, trade secrets and other intellectual property rights required for Supplier's provision of Manufactured Products to NCR.

1.4 NCR undertakes to provide USI the first opportunity to bid for all mother boards associated with NCR POS products, and NCR will award such business based on the best total cost of ownership and best quality.

2. FORECASTS AND ORDERS

Section 2 of the Agreement is replaced in whole with Section 2 of this Exhibit 1 in regard to the supply by Supplier of Manufactured Products to NCR.

2.1 Forecast. NCR will use commercially reasonable efforts to provide on monthly basis Supplier with an estimate of anticipated requirements for Manufactured Products by providing a 9 to 12 month rolling forecast. Such forecasts ("**Forecasts**") and any other estimates provided to Supplier by NCR are for planning purposes only in order for the Supplier to manage the production, inventory and distribution of the Manufactured Products and, except as set forth in this Section 2, they may not, in any way be construed as an order or binding purchase commitment or representation of NCR. Supplier will use commercially reasonable efforts to plan and align resources required to meet the Forecast. Supplier will provide NCR with notice of inability to meet a Forecast in writing as soon as Supplier becomes aware of any such inability. Such notice will in no way relieve Supplier of its obligations hereunder to supply Manufactured Product under this Exhibit. On a monthly basis, NCR commits to purchase Excess Material from the Supplier, provided that NCR's obligation to purchase Excess Material shall not exceed the amount of Excess Material required to meet NCR's Forecast also considering the applicable lead times for such Parts. NCR has the option to buy-back the Excess Material or pay inventory carrying cost (at [*****]) for the next [*****] and NCR has to buy-back the material at the end of that [*****]. "Excess Material" means Parts that have been in Supplier's inventory for more than [*****] which were purchased or manufactured by the Supplier based on NCR's Forecasts.

2.2 Ordering. NCR may place purchase orders for Products ("**Order(s)**") with Supplier in accordance with the order lead time which is the longer of (i) assembly lead times as set forth in Attachment 1 to this Exhibit and (ii)

[*****]. NCR will have no obligation to purchase any Manufactured Products hereunder until an Order for Manufactured Products has been placed with Supplier. Supplier may reject any non-conforming Order by delivering a rejection notice to NCR within five (5) business days after receipt of the Order. Otherwise, the Order will be deemed accepted by Supplier. Orders are deemed conforming (and may not be rejected by Supplier) if a) the delivery dates are based on the order lead times, and b) the quantity is within the limits set forth in the Forecast, and c) the price in the Order is equal to the most recent prices agreed by the parties. Where the Order is for EOL (as defined in Section 2.6 below) Parts or consigned Parts, for which Parts are available to Supplier on commercially reasonable terms, Supplier will accept the Order and fulfill NCR's Requirements in a timely fashion.

2.2.1 [*****]

2.2.2 Notwithstanding anything to the contrary in this Section 2, for any Part having an unusually long lead time, the parties shall agree on quantities that Supplier will stock and NCR's liability for Parts required to fulfill NCR's Orders. Such agreement may be evidenced by emails, provided that the agreement by both parties is clear. The initial list of long lead time components, if any, is attached on Attachment 1 to this Exhibit.

2.3 Cancellation. NCR may cancel any Order in whole or in part at its convenience. Supplier will raise with NCR any concerns it has in relation to excess stock exposure. For any cancelled Orders, NCR is liable for any finished goods and work in process up to the volume required to meet the delivery dates in the Order at the point of cancellation, and in addition, NCR accepts liability for Parts subject to below.

Supplier will use commercially reasonable efforts to assist NCR in minimizing NCR's liability by taking the following steps:

- a) As soon as is commercially practical reduce or cancel material orders to the extent contractually permitted;
- b) Return all components and materials to the extent contractually permitted;
- c) Make all commercially reasonable efforts to sell components and materials to third parties and other Supplier customers;
- d) Assist NCR to determine whether current work in progress should be completed, scrapped or shipped "as is"; and

NCR will use commercially reasonable efforts to assist Supplier in minimizing Supplier's liability.

2.4 Rescheduling Orders. NCR may reschedule an Order from its originally scheduled ship date provided that the rescheduled shipment date will in no event be later than two (2) months past the initial shipment date and the reschedule quantity is within the flexibility parameters stated above in Section 2.2.1, unless agreed otherwise. Once the said two months period expires, NCR shall agree to Supplier's arrangement for immediate shipment of the rescheduled Order. If NCR subsequently cancels a rescheduled Order, the provision of Section 2.3 will apply.

2.5 Supplier may not ship a partial quantity of a particular Order of Manufactured Products without NCR's prior approval.

2.6 EOL. NCR will notify Supplier that a Manufactured Product will reach an End-of-Life (EOL) status. NCR will provide Supplier with a last-buy order on such EOL Product to meet NCR's final requirements, with delivery not to exceed six (6) months from the date of the last-buy Order. Supplier will make best efforts to mitigate the potential liability of NCR through reselling material and consuming common parts, and NCR, in this case, will have full liability

for said inventories of materials and parts. Notwithstanding the foregoing, Supplier shall adhere to its obligations in relation to Exhibit D (Services) to the Agreement.

3. TIER 2 SUPPLIERS. Supplier agrees to purchase certain Parts for the manufacture of Manufactured Products from the suppliers mandated by NCR (“Tier 2 Suppliers”). The initial list of Tier 2 Suppliers is set forth in Schedule A. Any use by Supplier of Parts from Tier 2 Suppliers shall be limited to fulfilling the requirements of this Agreement. Throughout the term of the Agreement NCR shall continue to manage the design of Parts and approved vendor list through NCR’s own supplier selection process. If NCR has a master-type agreement with a Tier 2 Supplier (“NCR Master Agreement”), Supplier will purchase all Parts from the Tier 2 Suppliers using NCR’s agreement with the Tier 2 Supplier. If NCR does not have a master-type agreement with the Tier 2 Supplier: (i) Supplier will purchase on the terms and conditions set forth in Attachment 3 to this Exhibit; or (ii) [*****].

Supplier must obtain express, written approval from NCR before purchasing Parts from a Tier 2 Supplier without the Minimum Contract Requirements [*****]. For any and all defects arising from any Part acquired by Supplier through Tier 2 Suppliers, [*****]: (1) for Parts identified as defective at the Supplier site, Supplier will return the defective Part(s) to the Tier 2 Supplier and manage the warranty claims process. If, after making best efforts to resolve a warranty non-conformance, Supplier has been unable to resolve a warranty claim with a Tier 2 Supplier, NCR will provide Supplier with reasonable assistance in order to resolve the warranty claim with the Tier 2 Supplier; and (2) for Parts that fail in the field, NCR will return the defective Part(s) to the Tier 2 Supplier and manage the warranty claims process.

4. THIRD PARTY CONTRACTS

To the extent that NCR provides Supplier with access to or use of leased equipment, licensed Software and/or services and/or resources subject to Third Party Contracts for which the NCR retains legal responsibility, the Supplier shall, and shall cause its subcontractors, to comply with all the obligations under the Third Party Contracts applicable to such leased equipment, licensed Software and/or services and/or resources which are not payment obligations specifically retained by NCR; provided, however, that the Supplier will only be obligated under this Section 4 with regard to the Third Party Contracts to the extent the obligations thereunder are disclosed to the Supplier. The Supplier shall cease use of such items upon expiration or termination of the Agreement or as required by NCR. To the extent provided to the Supplier by the Customer prior to execution of the Agreement, the Supplier shall be deemed to have reviewed and accepted the obligations under such Third Party Contracts.

5. ABANDONMENT

Supplier shall not Abandon the Agreement. “**Abandon**” or “**Abandonment**” means [*****]. If Supplier breaches or threatens to breach this Section, Supplier agrees that NCR will be irreparably harmed, and, without any additional findings of irreparable injury or harm or other considerations of public policy, NCR shall be entitled to apply to a court of competent jurisdiction for and, provided NCR follows the appropriate procedural requirements (e.g., notice), Supplier shall not oppose the granting of an injunction compelling specific performance by Supplier of its obligations under the Agreement without the necessity of posting any bond or other security. Supplier further agrees not to oppose any such application for injunctive relief by NCR except to require that NCR establish that Supplier has committed an Abandonment. Upon request by NCR, Supplier shall provide NCR a plan within 90 days of the grant of the injunction, setting forth Supplier's proposal for transitioning the Products in-house or to a third party service provider within a [*****] period.

6. WARRANTY

6.1 Supplier warrants that (i) Manufactured Products shall be free and clear of all liens and other adverse claims against title and possession; (ii) that its manufacturing techniques (excluding any techniques specified by NCR) do not employ any unlicensed process that is claimed in a valid and existing patent; and (iii) Manufactured Products will be free from defects in Supplier's assembly workmanship and will conform to any assembly specifications for a period of [*****] from Delivery to NCR.

6.2 Remedies for failure of Manufactured Products

- (a) NCR may return a Manufactured Product that is concluded as OBF (out of box failure) make reasonable efforts to return any such Manufactured Product within 60 days of NCR's receipt of Manufactured Product. Supplier will repair the Manufactured Product and return the same to NCR.
- (b) NCR may proceed with a warranty claim against Supplier for a defective Part that is manufactured by Supplier, to which Section 8 of the Agreement will apply.

6.2 Ownership of the Warranty Service for NCR customers shall be: Level I (Call-Center etc.) & Level II (Customer Service Depot for System Level Repairs) services between NCR and NCR customers is owned by NCR at its own expenses; Level III-A (Board Level Repairs for parts manufactured by USI) service between NCR & USI will be owned by USI, subject to the terms and conditions of Schedule D to the Agreement; Level III-B (Board Level Repairs for parts manufactured by Tier 2 Supplier) service between NCR & Tier 2 Supplier will be owned by Tier 2 Supplier.

6.3 For the avoidance of any doubt, Section 8 Product Warranties of the Agreement does not apply to any and all Manufactured Products except for as provided in Section 6.2 (b) of this Exhibit 1.

7. HARMFUL CODE

Supplier will ensure that it [*****] to avoid the introduction of any Harmful Code in the Manufactured Products, Materials or the information technology systems of NCR or Supplier, where "Harmful Code" means any program, routine, device or other undisclosed feature, including a virus, worm, Trojan horse, malicious logic or trap door, that is designed to delete, disable, interfere with, otherwise harm, or provide unauthorized access to the Manufactured Product or any end user's hardware, data or programs, or that is intended to produce modifications not authorized by NCR, and will immediately notify NCR upon discovery of any Harmful Code that is (or is reasonably suspected to be) present in a Manufactured Product and cooperate with NCR to take immediate action (at Supplier's expense) to identify and eradicate (or to equip NCR and all affected end users to identify and eradicate) such Harmful Code and carry out any recovery necessary to remedy any impact of such Harmful Code.

8. INDEMNIFICATION

Supplier will defend, indemnify and hold harmless the NCR Indemnitees from and against all Losses arising out of or relating to any actual or threatened claim, suit or proceeding brought against any of the Indemnitees alleging that any [*****] infringes any patent, copyright, trademark or other intellectual property or misappropriates a trade secret or other confidential information (each a "Claim" for the purpose of this Exhibit 1). [*****]

9. LICENSE

NCR grants to the Supplier rights to use certain of NCR's software and access certain of its internal computer programs, systems, and communications networks subject to the terms of the License Agreement entered into between the parties dated 6th April 2018.

**ATTACHMENT 1 TO EXHIBIT 1
LONG LEAD TIME PARTS APPROVAL**

**ATTACHMENT 2 TO EXHIBIT 1
PRICING PROPOSAL**

[*****]

[*****]

[*****]

ATTACHMENT 3 TO EXHIBIT 1 ORDER TERMS AND CONDITIONS

1. **AGREEMENT.** This purchase order ("PO"), plus documents referenced herein, if any, will constitute the entire agreement between Supplier and USI with respect to the subject matter of this PO, superseding all other agreements or understandings of the parties with respect thereto. USI will be bound by this Purchase Order Agreement ("PO") when Supplier executes and returns an unmodified acknowledgment copy to USI. Supplier will be bound by this PO when Supplier executes and returns the acknowledgment copy, or begins work on the Product(s), or ships or otherwise provides any of the Product(s) ordered under this PO. No agreement to modify this PO, nor add additional or different terms or prior offers by Supplier, will be binding on USI unless agreed to in a writing signed by USI. The invalidity in whole or in part of any provision hereof will not affect the validity of any other provision. The term "Product(s)" may include goods, services, hardware, software, parts, components, supplies, or any combination of these. Estimates or forecasts furnished by USI will not constitute commitments to purchase. No failure by either party to insist upon strict compliance by the other party with any of the terms, provisions, or conditions of this PO, in any instance, will be construed as a waiver or relinquishment by such party of its right to insist upon strict compliance thereafter.

2. **PRICES, CHANGES, CHARGES.** Prices are payable by USI [*****] after delivery the Product(s) and receipt by USI of a correct invoice unless a shorter payment period is required by Applicable Law or if the parties have agreed on a different payment period as indicated on page one of this PO. Supplier will not invoice USI at a price higher than last charged or quoted by Supplier for the same Product unless a higher price is authorized in writing by USI. Any price reduction made by Supplier for a Product will be applied to the price of the Products on all POs placed by USI for such Product for which the Product has not been delivered. Supplier represents that the prices charged under this PO are as good as or better than the best terms offered by Supplier to any commercial customer who has purchased the same or comparable products under similar (not exact) conditions and in similar (not exact) quantities. USI reserves the right at any time to make changes to the specifications to which the Products are to conform, in the methods of shipment or packaging, or in the time or place of delivery. No charges will apply against USI for taxes, import duties, transportation, packaging, packing, returnable containers, documentation, or media unless otherwise agreed. All sales, use, excise, or similar taxes to be paid by USI must be itemized separately on the first page of this PO and on invoices. Any payment made by USI, including the final payment, will not prevent USI from recovering any amount over-paid or wrongfully paid however such payments may have arisen including but not limited to amounts paid to Supplier by mistake of fact or law. USI may deduct any amounts payable to Supplier under this PO from any monies which are due or which may become due to Supplier or may be recovered as a debt.

3. **TITLE, RISK OF LOSS.** For tangible Products, title and risk of loss will pass from Supplier to USI upon delivery. Passing of title will not prejudice USI's right to reject Products as set out herein.

4. **WARRANTY.** Supplier warrants that (a) it is free to enter into this PO and has no obligations or requirements under any other agreement contrary to any of the terms and conditions contained herein; (b) hardware will be new and unused on delivery; (c) for a period of [*****] (or longer period as offered by Supplier) after date of receipt by USI: (i) Products furnished hereunder will be in full conformity with all specifications and other applicable documentation; (ii) hardware will be merchantable, and will be free from defects in material, workmanship and design; (d) software will contain no viruses or harmful code on delivery; and (e) Supplier will employ industry-standard technical practices, skills, care and judgment in its performance of any services pursuant to this PO. These warranties will be in addition to any standard warranties provided by Supplier for the Products, will survive inspection, test, acceptance, and payment, and will inure to the benefit of USI, its successors, assigns, and customers (including but not limited to resellers and end users). USI may, at its option, either return for full refund or credit, or require prompt correction, replacement or re-performance of defective or nonconforming Products, which right will be in addition to such other rights as USI may have in law or equity. Return to Supplier of any defective or nonconforming hardware will be made at Supplier's expense. Corrected or replaced Products will be subject to this warranty to the same extent as Products originally delivered under this PO. For Products purchased for resale, Supplier acknowledges that USI may make similar warranties to its customer or end users in reliance upon the warranties in this PO. Supplier will defend, indemnify, and hold USI harmless from and against any demand or claim made by any third party (including but not limited to USI's customer and end users) directly or indirectly alleging a Product's failure to comply with the warranties in this PO.

5. **Epidemic Failures.** USI may notify Supplier that an Epidemic Failure has occurred (where "Epidemic Failure" means the failure of at least [*****] percent of the hardware in any Lot, and "Lot" means a specific quantity of hardware that is (i) produced under uniform conditions and series of operations, or (ii) produced according to a single manufacturing order or design, or (iii) otherwise affected by a common root cause of failure). Such notice will include a description of the nature of the failure and other supporting data, which may include data supplied by USI's customer, NCR. USI will establish a field retrofit order ("FRO") that sets out the detailed plan to remedy an Epidemic Failure or a safety/ hazard situation, including at end-user sites, in plants and in warehouses, if applicable. The plan generally will include a process and repair method for deploying and implementing the repair and or replacement of all affected hardware in the Lot(s) and the estimated costs to deploy the fix dependent on the quantity of affected Product. Supplier will be responsible for all costs of implementing the FRO (whether inside or outside of the warranty period) including (a) replacement parts, materials, sub-assemblies or supplies; (b) technical support labor costs in handling customer calls; (c) on-site service labor in replacing all hardware within the Lot(s); and (d) all packaging, shipping and handling costs to and from the customer and warehouse locations and Supplier's repair facility. The FRO will be applicable for all hardware within the relevant Lot(s) unless and to the extent Supplier can establish that specific hardware within the Lot(s) are not affected by the root cause. In addition to the foregoing, Supplier will, at USI's option, appoint a senior level representative to coordinate a root-cause analysis and cooperate with USI in the development of the FRO.

6. **DELIVERY.** Unless otherwise or agreed in writing between USI and Supplier, all shipped Products supplied under this PO will be delivered FCA (Supplier's location) (Incoterms 2010). Non-shipped Products are delivered when they are tendered to USI (for example when they are delivered by hand or when Supplier makes them available to USI). Services are delivered when performed. Unless otherwise provided in this PO, no delivery required hereunder will be made more than 7-days prior to the applicable delivery date, and USI may return earlier deliveries at Supplier's risk and expense, or charge Supplier any additional costs sustained because of the same. If delivery of Products is not accomplished at the time or times indicated in this PO, USI reserves the right, without liability and in addition to its other rights and remedies, to terminate this PO by notice effective immediately upon receipt by Supplier, and to arrange for completion of performance and/or to purchase substitute products elsewhere and charge Supplier with any loss incurred. No provision of this PO for the delivery of Products in installments will be construed as making Supplier's obligation severable.

7. **TOOLING.** "Tools" are tools, equipment, or other property furnished to Supplier by USI or NCR. Supplier shall be responsible for maintaining the Tools in good order and condition (normal wear and tear excepted) and for all operating costs of the Tools during the period the Tools are on issue to it. No charge will be made for the Tools, but during the period it is on issue to Supplier, Supplier shall be responsible to the full replacement value for all loss or damage incurred and will keep the Tools insured at Supplier's expense against any loss or damage, and in an amount equal to the replacement cost thereof, with loss payable to USI. All Tools shall be marked as belonging to USI. No Tools shall be altered or modified without the prior written permission of USI. Supplier will not sell, assign, charge or permit any lien to be created over or encumbering the Tools nor sub-contract their use without the prior written authorization of USI. Supplier will not use the Tools other than for the manufacture of Products to be supplied to USI. If Supplier's operation is subject to a labor dispute, adjudged bankrupt, or has a receiver appointed, USI reserves the right to enter the premises where the Tools are located, and to take possession thereof. Either party may request the withdrawal of the Tools by providing the other party with prior 60 days prior written notice. During that 60 day notice period USI shall provide Supplier with instructions for the disposition of the Tools. Supplier shall be responsible for the disposition of all Tools (in good order and condition) and any transportation charges incurred will be at Supplier's expense.

8. **CONFIDENTIALITY.** "Confidential Information" is information first disclosed by the disclosing party to the receiving party which is related to business conducted by the parties under this PO (the "Authorized Purpose") and which is: (a) clearly designated, labeled, or marked as confidential or its equivalent at the time of disclosure; or (b) of a nature such that the receiving party knows or should know it to be confidential. Confidential Information does not include information that is: (a) lawfully possessed or known by receiving party prior to receipt from the disclosing party; (b) becomes publicly available through no act or omission of the receiving party; (c) furnished to the receiving party by a third party without known use or disclosure restrictions; or (d) independently developed by the receiving party without breach of this PO. The receiving party will (a) not use Confidential

Information other than for the Authorized Purpose; (b) exercise the same degree of care in protecting Confidential Information as it uses to protect its own confidential information of a similar nature, but in no event less than reasonable care; (c) not disclose Confidential Information to any person, except to those of its affiliates and its and their employees and contractors who (i) have a legitimate need to know, and (ii) are obligated to protect any disclosed Confidential Information under terms no less protective than those contained in this PO. A disclosure by the receiving party required pursuant to any judicial or governmental proceeding will not be a breach of this PO if, to the extent permitted under the circumstances, the receiving party has first given the disclosing party notice and opportunity to protect its Confidential Information by protective order or other means. Neither party will publicize or otherwise advertise the existence of this Agreement without the prior written consent of the other party, except if required by law or order of court of competent jurisdiction, and then only after providing the other party with prior written notice and opportunity to object.

9. RIGHTS IN DEVELOPMENTS. If this PO is for or includes Product development services, Supplier (a) will disclose and assign on demand, and does hereby assign, to USI's customer, NCR, all of its right, title and interest in any and all ideas, inventions (whether patentable or not), improvements, discoveries, works of authorship, derivative works, programs, source code, object code, techniques, methods, processes, documentation, and other information and materials, in tangible or intangible form, (collectively, "Developments") that it (including but not limited to any of its employees or agents) may create or assist in creating in the provision of the development services Product, including but not limited to all of its intellectual property rights (including but not limited to patent, copyright, trademark, trade secret, or other intellectual property rights; collectively, "Intellectual Property Rights") in, covering, or embodied by Developments, and (b) will do all acts and execute all instruments which USI or NCR may reasonably request in relation thereto. Supplier represents and warrants that it has caused, or will, prior to the initiation of any development services Product, cause, each person (including but not limited to each of its employees and agents) utilized for or otherwise associated with the Product development services to enter into a written agreement under which such person (a) will disclose and assign on demand, and does hereby assign, to Supplier or NCR all of their right, title and interest in any and all Developments that they may create or assist in creating in the provision of the development services Product, including but not limited to all their Intellectual Property Rights in, covering, or embodied by such Developments, and (b) will do all acts and execute all instruments which Supplier, USI or NCR may reasonably request in relation thereto. All information and material relating to the development services Product (including the fact of their provision, and all Developments), is, and will be regarded by Supplier (including but not limited to by each of its employees and agents) as, the Confidential Information of USI.

10. LICENSE GRANTED. Supplier grants USI a perpetual, worldwide, non-exclusive, non-transferable license to use any software Product or software component of a Product ("Software") as an end user. If the Software is for re-sale, Supplier grants USI a royalty-free, perpetual, worldwide, non-exclusive, non-transferable license to distribute and re-sell it to its customer, NCR and for NCR to either: (a) transfer the package to its customer, without altering the package or its contents, in which case Supplier will license the software directly to the end user subject to the license terms it provided in the package; or (b) licensing the software to its customers pursuant to its standard terms and conditions. Supplier grants to USI a perpetual worldwide non-exclusive license to use Supplier's trademarks and trade names on or in connection with the Software. [*****]

11. INTELLECTUAL PROPERTY INFRINGEMENT. At its expense, Supplier will defend, indemnify, and hold harmless USI and its affiliates, and their agents, assigns, distributors, resellers, customers and end users (each an "Indemnitee") from and against all costs, expenses, damages and losses arising out of or relating to any actual or threatened claim, suit or proceeding brought against any Indemnitee alleging that any Product or its use infringes [*****] (each a "Claim"). [*****] Without limiting the foregoing obligations, Supplier will pay all costs and damages finally awarded with respect to, and/or pay all amounts in settlement of, any Claim. [*****] The foregoing obligations will not apply to any Claim caused by [*****].

12. LIABILITY. In no event will USI be liable to Supplier for any special, indirect, incidental or consequential damages, or for loss of profits, revenue or data, whether in an action in contract, tort, product liability, statute or otherwise, even if advised of the possibility of those damages.

13. ASSIGNMENT & SUBCONTRACTS. Supplier will not assign this PO or any rights or obligations hereunder, nor will Supplier subcontract with any other party for the furnishing of any completed or substantially completed Products or services described in this PO without USI's express written consent, and in such event Supplier will remain fully liable for subcontractor's work, and any subcontractor approved by USI will be required by Supplier to agree in writing to perform in accordance with the terms of this PO and to permit USI to exercise all rights under this PO as if the subcontractor had executed this PO.

14. COMPLIANCE. Supplier will conduct business ethically and comply with the NCR Supplier Code of Conduct available at this site: <http://www.ncr.com/company/suppliers/manuals-forms-and-templates>. In connection with providing Products under this PO, Supplier will, at its expense, and will cause its agents, employees and subcontractors to comply with all applicable federal, state, local and foreign laws, rules, acts, orders and regulations, including but not limited to laws pertaining to anti-bribery, anti-corruption, employment, import and export compliance, antitrust, environmental health, safety and electronic/product and waste take-back ("Applicable Law"). Supplier will identify and procure all required permits, certificates, licenses,

insurance, approvals and inspections; and will submit all reports, certifications, and other documents as required, including information related to the proper and safe handling of the Products. Should Supplier's services hereunder require Supplier to perform, support, or handle any importation of any item into the U.S., Supplier will cooperate with USI to address the recommendations of U.S. Customs relative to its Customs-Trade Partnership Against Terrorism (C-TPAT) program and comply with its requirements. Supplier shall, upon request, provide such information to USI as is reasonably necessary for USI to satisfy any reporting or similar obligations required by Applicable Law, including, without limitation, USI's or NCR's obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act with respect to disclosure regarding its use of conflict minerals. To the extent permitted by Applicable Law, Supplier will utilize standard industry practices to ensure fitness of employment if Supplier is required to perform any work or services at a USI, NCR or NCR customer location, such as but not limited to: a) criminal background checks with positive outcome, b) credit checks, c) driving records, or d) drug test. Supplier will not employ any person performing work on USI related Products that fail or would fail to meet the foregoing fitness criteria, and should any objectionable, unskilled, or unfit person be employed by Supplier, Supplier will, upon request of USI, cause such person to be removed from providing the services hereunder. Any provision which is required to be a part of this PO by virtue of any law is incorporated herein by reference. Supplier and its employees, agents and contractors will adhere to USI's site security rules when visiting USI premises.

15. GOVERNMENT CONTRACT PROVISIONS. If this PO is being placed in fulfillment of an NCR contract with a federal, state, or local government entity, all provisions required by such contract to be included herein are hereby incorporated by reference with the same force and effect as if they were included in full text. Without limiting the foregoing, the following clauses will be deemed included in this order: 48 CFR 52.222-26, Equal Opportunity; 48 CFR 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era, and 48 CFR 52.222-36, Affirmative Action for Workers with Disabilities. In connection therewith, the term "Supplier" will be substituted for "Contractor" unless the context otherwise requires.

16. TERMINATION. USI may terminate this PO in whole or in part at any time upon USI's written notification to Supplier as follows: 1) at USI's convenience, and in such case the extent of USI's liability will be: a) if the Product is services, to pay the portion of the contract price as the work completed bears to the whole, b) if the Product is software, then at no cost; or c) if the Product is hardware, to pay the cost of the existing "finished goods" inventory, but no more than required to fulfill the next delivery schedule within the thirty (30) days following the date of termination, plus the existing "work-in-progress" inventories required to fulfill an additional thirty (30) days of deliveries, except that there will be no liability for inventories in either category which is readily usable or resalable. "Finished goods" will mean goods that have passed final acceptance test and are waiting delivery. "Work-in-progress" will mean material in varying stages of completion with some degree of labor applied and/or individual piece parts and/or raw material in a stage of completion no more than necessary to meet delivery schedules. 2) for cause, relative to any default by Supplier involving: a) Supplier's failure to develop Product, deliver the Product, and/or render the services specified herein within the time designated herein, or b) failure of Products previously purchased by USI of the same kind as in this PO to meet their warranty. With respect to any such failure, except a delivery failure as described in Section 6, USI's right to terminate will be conditioned upon Supplier's failure within 10-days after receipt of USI's notification, to provide a remedy satisfactory to USI to cure such failure or noncompliance. 3) in the event Supplier becomes insolvent and/or the subject of any proceedings under law for the relief of debtors, or bankrupt, or makes assignments for the benefit of creditors. In the event of termination by USI due to Supplier's default or reason pursuant to 16.2 or 16.3, USI will have no liability to Supplier as a result of such termination. In the event of termination for any reason, USI may further notify Supplier that all right, title, and interest in and to all or any portion of materials acquired by Supplier for the performance of this PO, work-in-progress, and/or completed Products specified in such notice, will pass immediately to USI upon payment therefor. If so, Supplier grants USI the right to enter the premises where such property (and/or any Tools described in Section 7 hereof) may be located, and take possession thereof. Terms under this PO, which, by their nature would continue beyond termination or expiration of this PO, will survive.

17. PRODUCT LIABILITY & INSURANCE. Supplier will defend, indemnify and hold harmless USI from and against all liability resulting from any and all claims by third parties for loss, damage or injury (including death) caused by any Product [*****]. Supplier will maintain at all times relevant to this PO, and at its expense, all insurance required by law, including, without limitation, [*****].

18. FORCE MAJEURE. Neither party will be liable for failure to fulfill its obligations due to causes beyond its reasonable control and without its fault or negligence. A party must (a) use best efforts to promptly notify the other in advance of conditions which will result in a delay or failure of performances; (b) use best efforts to avoid or remove the conditions; and (c) immediately continue performance when the conditions are removed.

19. **THIRD PARTY BENEFICIARY** NCR Corporation and its affiliates (collectively "NCR") are third-party beneficiaries to this Agreement and are entitled to the rights and benefits hereunder and may enforce the provisions hereof as if they were parties hereto.

20. **DISPUTES AND GOVERNING LAW.** For POs issued by USI for delivery of goods, services or licensed materials in the United States, or for delivery outside the United States by a supplier located in the United States, the parties irrevocably consent to the jurisdiction and venue of the federal and state courts for New York County in the State of New York for any dispute arising out of or related to this PO. Both parties hereby waive any right to a jury trial for all disputes between them, and agree that any dispute shall be tried to the court without a jury. This Agreement, the transactions occurring under it, and the relationships created by it are governed by and shall be construed pursuant to the laws of the State of New York, without reference to principles of conflicts of law that would result in the application of any other state's laws. For POs issued by USI for all other delivery of goods, services or licensed materials outside the United States, the laws of the country where the USI office issuing this PO is located shall govern, and disputes arising out of or related to this PO shall be filed in a court having jurisdiction in that country

**ATTACHMENT 4 TO EXHIBIT 1
MINIMUM CONTRACT REQUIREMENTS**

WARRANTY. Supplier warrants that (a) it is free to enter into this PO and has no obligations or requirements under any other agreement contrary to any of the terms and conditions contained herein; (b) hardware will be new and unused on delivery; (c) for a period of [*****] (or longer period as offered by Supplier) after date of receipt by USI: (i) Products furnished hereunder will be in full conformity with all specifications and other applicable documentation; (ii) hardware will be merchantable, and will be free from defects in material, workmanship and design; (d) software will contain no viruses or harmful code on delivery; and (e) Supplier will employ industry-standard technical practices, skills, care and judgment in its performance of any services pursuant to this PO. These warranties will be in addition to any standard warranties provided by Supplier for the Products, will survive inspection, test, acceptance, and payment, and will inure to the benefit of USI, its successors, assigns, and customers (including but not limited to resellers and end users). USI may, at its option, either return for full refund or credit, or require prompt correction, replacement or re-performance of defective or nonconforming Products, which right will be in addition to such other rights as USI may have in law or equity. Return to Supplier of any defective or nonconforming hardware will be made at Supplier's expense. Corrected or replaced Products will be subject to this warranty to the same extent as Products originally delivered under this PO. For Products purchased for resale, Supplier acknowledges that USI may make similar warranties to its resellers or end users in reliance upon the warranties in this PO. Supplier will defend, indemnify, and hold USI harmless from and against any demand or claim made by any third party (including but not limited to USI's resellers and end users) directly or indirectly alleging a Product's failure to comply with the warranties in this PO.

Epidemic Failures. USI may notify Supplier that an Epidemic Failure has occurred (where "Epidemic Failure" means the failure of at least [*****] percent of the hardware in any Lot, and "Lot" means a specific quantity of hardware that is (i) produced under uniform conditions and series of operations, or (ii) produced according to a single manufacturing order or design, or (iii) otherwise affected by a common root cause of failure). Such notice will include a description of the nature of the failure and other supporting data, which may include data supplied by USI's distributors, resellers, subcontractors or customers. USI will establish a field retrofit order ("FRO") that sets out the detailed plan to remedy an Epidemic Failure or a safety/ hazard situation, including at end-user sites, in plants and in warehouses, if applicable. The plan generally will include a process and repair method for deploying and implementing the repair and or replacement of all affected hardware in the Lot(s) and the estimated costs to deploy the fix dependent on the quantity of affected Product. Supplier will be responsible for all costs of implementing the FRO (whether inside or outside of the warranty period) including (a) replacement parts, materials, sub-assemblies or supplies; (b) technical support labor costs in handling customer calls; (c) on-site service labor in replacing all hardware within the Lot(s); and (d) all packaging, shipping and handling costs to and from the customer and warehouse locations and Supplier's repair facility. The FRO will be applicable for all hardware within the relevant Lot(s) unless and to the extent Supplier can establish that specific hardware within the Lot(s) are not affected by the root cause. In addition to the foregoing, Supplier will, at USI's option, appoint a senior level representative to coordinate a root-cause analysis and cooperate with USI in the development of the FRO.

LICENSE GRANTED. Supplier grants USI a royalty-free, perpetual, worldwide, non-exclusive, non-transferable license to distribute and re-sell any software Product or software component of a Product either directly or indirectly by (a) transferring the package to its customer without altering the package or its contents, in which case Supplier will license the software directly to the end user subject to the license terms it provided in the package; or (b) licensing the software to its customers pursuant to its standard terms and conditions. Supplier grants to USI a perpetual worldwide non-exclusive license to use Supplier's trademarks and trade names on or in connection with the Software. [*****]

INTELLECTUAL PROPERTY INFRINGEMENT. At its expense, Supplier will defend, indemnify, and hold harmless USI and its affiliates, and their agents, assigns, distributors, resellers, customers and end users (each an "Indemnitee") from and against all costs, expenses, damages and losses arising out of or relating to any actual or threatened claim, suit or proceeding brought against any Indemnitee alleging that any Product or its use infringes [*****] (each a "Claim"). [*****] Without limiting the foregoing obligations, Supplier will pay all costs and damages finally awarded with respect to, and/or pay all amounts in settlement of, any Claim. [*****] The foregoing obligations will not apply to any Claim caused by [*****].

COMPLIANCE. Supplier will conduct business ethically and comply with the Supplier Code of Conduct available at this site: <http://www.ncr.com/company/suppliers/manuals-forms-and-templates>. In connection with providing Products under this PO, Supplier will, at its expense, and will cause its agents, employees and subcontractors to comply with all applicable federal, state, local and foreign laws, rules, acts, orders and regulations, including but not limited to laws pertaining to anti-bribery, anti-corruption, employment, import and export compliance, antitrust, environmental health, safety and electronic/product and waste take-back (“Applicable Law”). Supplier will identify and procure all required permits, certificates, licenses, insurance, approvals and inspections; and will submit all reports, certifications, and other documents as required, including information related to the proper and safe handling of the Products. Should Supplier's services hereunder require Supplier to perform, support, or handle any importation of any item into the U.S., Supplier will cooperate with USI to address the recommendations of U.S. Customs relative to its Customs-Trade Partnership Against Terrorism (C-TPAT) program and comply with its requirements. Supplier shall, upon request, provide such information to USI as is reasonably necessary for USI to satisfy any reporting or similar obligations required by Applicable Law, including, without limitation, USI’s obligations (or its customers’ obligations) under the Dodd-Frank Wall Street Reform and Consumer Protection Act with respect to disclosure regarding its use of conflict minerals. To the extent permitted by Applicable Law, Supplier will utilize standard industry practices to ensure fitness of employment if Supplier is required to perform any work or services at a USI or USI customer location, such as but not limited to: a) criminal background checks with positive outcome, b) credit checks, c) driving records, or d) drug test. Supplier will not employ any person performing work on USI related Products that fail or would fail to meet the foregoing fitness criteria, and should any objectionable, unskilled, or unfit person be employed by Supplier, Supplier will, upon request of USI, cause such person to be removed from providing the services hereunder. Any provision which is required to be a part of this PO by virtue of any law is incorporated herein by reference. Supplier and its employees, agents and contractors will adhere to USI's site security rules when visiting USI premises.

PRODUCT LIABILITY & INSURANCE. Supplier will defend, indemnify and hold harmless USI and its affiliates, and their agents, assigns, distributors, resellers, customers and end users (each an “Indemnatee”) from and against all liability resulting from any and all claims by third parties for loss, damage or injury (including death) caused by any Product to the extent not caused by [*****]. Supplier will maintain at all times relevant to this PO, and at its expense, all insurance required by law, including, without limitation, [*****].

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EXHIBIT 2
Data Security and Privacy (NCR as Controller)

This Supplier Data Security Privacy Exhibit (“Exhibit”) supplements and is part of the Master Hardware Supply Agreement dated 1st June 2018 (“Agreement”) between **Universal Global Scientific Industrial Co., Ltd.** (“you” or “Supplier”) and **NCR Corporation** (“NCR”), and is effective as of the last date of signature below, will remain in effect for so long as you or your Affiliates or subcontractors Process NCR Data (as defined in Section 1 below), and supersedes any conflicting or inconsistent provision in the Agreement. All capitalized terms used and not otherwise defined herein have the meaning set forth in the Agreement.

2. Obligations of Supplier. With regard to the Processing of NCR Data, you represent and warrant that you will comply with the requirements below at all times during the Term of the Agreement:

2.1. You will Process NCR Data (including in any aggregate form) only as permitted or required by the Agreement and this Exhibit and only in a manner that directly supports the Services, and you will Process Personal Information solely in accordance with NCR’s instructions.

2.2 You will comply with all applicable federal, state, local and foreign laws, statutes, ordinances, administrative or executive orders, rules, standards, regulations, policies and procedures relating to data privacy, personal data, the cross-border transfer of Personal Information and data protection (“Privacy Laws”).

2.3 You maintain an information security program which includes appropriate administrative, technical and physical safeguards that ensures the confidentiality, integrity and availability of NCR Data, which you periodically review and update to ensure that the program complies with all Legal Requirements and NCR’s Supplier Information Security Standards and adequately addresses new and evolving threats; and you train your personnel (including the personnel of any of your Affiliates or subcontractors) at least annually about information security and privacy risks and best practices required to protect the privacy and security of NCR Data.

2.4 If you Process Personal Information, then you maintain a program designed to protect the privacy of individuals by embedding privacy into the design specifications of your technologies, business practices and physical infrastructures using industry standard practices designed to minimize the privacy risks to individuals (commonly referred to as “Privacy by Design”).

2.5 If you Process Personal Information, then within 48 hours of your receipt of a written request from NCR (or sooner if required by any Legal Requirement), you will make available to NCR: (a) the Personal Information necessary for NCR to respond to an individual’s request for access to Personal Information about him or her; (b) the Personal Information necessary for NCR to respond to an individual’s request to amend his or her information and (if applicable) to incorporate any amendments to the Personal Information; and (c) the information necessary to enable NCR to provide an accounting of disclosures of Personal Information.

2.6 To the extent permitted by Privacy Laws: (a) prior to permitting any of your personnel to Process NCR Data (including the personnel of any of your Affiliates or subcontractors) you will conduct, or cause to be conducted (by contract or otherwise), third-party criminal background checks on all such personnel who will Process NCR Data; and (b) in no event will any individual be permitted to Process any NCR Data who has (i) been convicted of any criminal offense involving dishonesty or a breach of trust or who has participated in a pre-trial diversion with respect to such an offense, or (ii) been convicted of a felony within the last seven years, or if felony records in the jurisdiction in question do not go back seven years, then the greatest number of years for which felony convictions are traceable.

2.7 At NCR’s request, to the extent permitted by Privacy Laws, you will immediately cause any objectionable, unskilled, or unfit personnel to be removed from performing the Services.

2.8 You will (a) impose on any Affiliates and subcontractors the same obligations that are imposed on you in this Exhibit and the Agreement, including confidentiality obligations, and (b) ensure that NCR has the right to directly enforce the terms of this Exhibit and the Agreement against any such Affiliate or subcontractor. Notwithstanding the foregoing, you will remain solely responsible to NCR for the proper performance of the subcontracted Processing functions as if such functions were performed by you.

2.9 You will comply with the attached Appendix 1: EU Standard Contractual Clauses and Appendix 2: Swiss Standard Contractual Clauses (collectively, the “Clauses”) with respect to Personal Information originating in either the European Union or Switzerland (as the case may be) that is transferred to any Supplier location outside of the European Economic Area to jurisdictions whose laws have not been deemed adequate by the European Commission,

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unless (and only to the extent) that the Supplier (or an Affiliate of supplier) has certified to another lawful transfer mechanism, such as the EU-U.S. Privacy Shield Framework, in which case that framework shall control. To the extent there is any conflict with the terms of this Exhibits or the Agreement and the Clauses, the Clauses will control).

2.10 You will comply with the attached Appendix 3: Undertakings for Data Originating in Israel the “Undertakings”) with respect to the Processing of any Personal Information originating in Israel. To the extent there is any conflict with the terms of this Exhibit or the Agreement and the Undertakings, the Undertakings will control. In connection with the foregoing, prior to granting access to Personal Information, you will require each subcontractor that processes Personal Information (“Sub-processor”) to execute a document with NCR Global Ltd. in the same form as Appendix 3.

3. Sub-processing. You have provided to NCR a current list your sub-processors (including locations) for the Services in the attached Appendix 4: Approved Sub-Processor List. You will provide NCR with updates to the Sub-Processor List prior to authorizing any new sub-processor(s); if NCR has a reasonable basis to object to your use of a new sub-processor, then NCR will notify you in writing within 10 business days after receipt of your notice. If NCR objects to any new sub-processor(s), then you will use reasonable efforts either to make available to NCR a change in the affected Services or to recommend a commercially reasonable change to NCR’s configuration or use of the affected Services to avoid processing of Personal Information of EU Residents or Personal Information originating in Israel by the objected-to new sub-processor without unreasonably burdening NCR or end users. If you are unable to make available such change or recommendation to NCR within 60 days after your receipt of NCR’s notice objecting to the new Sub-processor(s), then per Section 6 in this Exhibit, NCR may terminate the affected Services or the Agreement without further obligation to you, and NCR will receive a refund of any prepaid unused fees for the Services.

4. Security Incidents.

4.1 A “Security Incident” is any inappropriate or unauthorized access to, or destruction, loss, alteration, disclosure or acquisition of NCR Data. You will notify NCR within 24 hours of your discovery of a Security Incident by calling your NCR point of contact and by concurrently sending written notice to law.notices@ncr.com. A Security Incident will be deemed discovered by you on the first day it is either known to you or your Affiliate or subcontractors. Failure to exercise reasonable due diligence which contributes to a delay in the discovery of any Security Incident shall be deemed a material breach.

4.2 To the extent known at the time of your report, your Security Incident notification to NCR will include: (a) information about the types of NCR Data is affected as a result of the Security Incident disclosed, accessed, destroyed, lost, altered, or acquired; (b) a brief description of what happened, including the date the Security Incident occurred and the date on which the Security Incident was discovered and, if known, the root cause of the Security Incident; (c) if the Security Incident involved Personal Information, the identification of each individual whose Personal Information has been, or is reasonably believed to have been, accidentally or unlawfully destroyed, lost, altered, disclosed or accessed without authorization during the time in question and the steps individuals should take to protect themselves from potential harm resulting from the Security Incident; (d) a brief description of what you are doing to investigate the Security Incident, to mitigate losses, and to protect against any further Security Incidents of similar origin; (e) contact procedures for NCR, its customer(s) or prospect(s), and/or individuals for questions or to learn additional information about the Security Incident, which will include a toll-free telephone number, email address, website, or postal address; (f) any other available information that must be provided to individuals, customers, prospects or regulators as required (at a minimum) by Privacy Laws; and (g) any other information reasonably requested by NCR. To the extent that the foregoing information is not available at the time you provide your notification to NCR required by this Section, you will provide such information to NCR as soon as it becomes available, and in all cases within the timeframes as required (at a minimum) by the Privacy Laws.

4.3 You will promptly take all actions to mitigate, at your sole cost, any harmful effect of a Security Incident. You will investigate and remedy the Security Incident; provide all information reasonably requested by NCR about the Security Incident; and will, at no cost to NCR, take, or cause to be taken, all actions reasonably directed NCR security personnel. You will maintain, and will cause any third party that Processes Personal Information to maintain, records of any known or suspected Security Incidents pertaining to the Personal Information in accordance with all Privacy Laws and commercially accepted industry practices, and will make such records, or will cause them to be made, reasonably available to NCR upon request.

4.4 You will immediately develop and provide to NCR, or cause to be developed and provided to NCR, a plan to cure any deficiency which led to the Security Incident to a level deemed necessary to prevent another Security

Incident of similar origin. NCR will review the plan, and if approved, you will implement, or cause to be implemented, the plan within a mutually agreed-upon time frame at no cost to NCR. If NCR determines that the deficiency cannot be reasonably cured, NCR may, pursuant to Section 5 in this Exhibit, terminate the affected Services, or the Agreement, without further obligation to you and you will provide a refund to NCR for any Services for which NCR has paid but will not have received by the termination date.

5. Security Review and Audit.

5.1 You will promptly respond to inquiries from NCR related to your information security program and practices and your compliance with any Legal Requirement and NCR's Supplier Information Security Standards, as may be necessitated by NCR from time to time to ensure the confidentiality, integrity and availability of NCR Data.

5.2 You will, permit NCR, on reasonable notice, to have a qualified independent third party conduct testing of your information security controls during the test window identified by NCR in its notice; such testing may include (1) a SOC 2 type II audit, (2) a network Penetration Test, and (3) an application Penetration Test. NCR will provide to you, at a minimum, an overview of the testing conducted, containing the scope, methodology and summary of findings of third party testing promptly upon your request. "Penetration Test" means a test manually validated by qualified staff to determine whether and how a malicious user can gain unauthorized access to assets that affect the fundamental security of a system or files and must confirm that applicable controls to prevent such unauthorized access are in place. If the testing indicates that your information security controls do not materially comply with the requirements of this Exhibit, all Privacy Laws or the NCR Supplier Information Security Standards, you will pay for the cost of the testing; otherwise NCR will pay for the cost of the testing itself.

5.3 You will allow, at any time while this Exhibit is in effect and upon reasonable notice, during normal business hours and with each party bearing its own expense, NCR's internal and external auditors, accountants, or any regulator with jurisdiction over the NCR Data, or the designee of such regulator (collectively, "Auditors") to examine: (a) any third party test of your information security controls; (b) the adequacy of the control environments related to the Services; (c) the performance of your obligations under this Exhibit, including those related to any Privacy Laws and NCR's Supplier Information Security Standards; and (d) any facilities in which NCR Data is processed. You will provide reasonable assistance in such an examination. If NCR Data has been disclosed to any Sub-processor for Processing, then you will ensure that the Auditors are permitted to conduct examinations of such Sub-processors as described in this Section 4 in this Exhibit to the same extent as they would be permitted to provide examinations required of you as set forth herein.

5.4 If the review or examination indicates that the performance of your obligations does not materially comply with the obligations of this Exhibit, all Privacy Laws or the NCR Supplier Information Security Standards, then you will immediately develop and provide to NCR a plan to improve the deficient performance to the level deemed acceptable by such an examination. NCR will review the plan, and if approved, then you will implement the plan within a mutually agreed-upon time frame at no cost to NCR. If NCR determines that the issues cannot be reasonably mitigated, then NCR may, per Section 5 in this Exhibit, terminate the affected Services, or the Agreement, without further obligation to you. In either case, you will reimburse NCR for reasonable costs and expenses incurred in connection with the audit.

6. Termination Due to Breach of Exhibit.

6.1 If NCR becomes aware of a breach of a material term of this Addendum, then NCR will provide you with written notice of such breach in sufficient detail to enable you to understand the specific nature of the breach. At its option, NCR will either (a) provide you with the opportunity to cure the breach within a reasonable time, and terminate the affected Services or the Agreement without further obligation to you if you do not cure the breach within the time specified by NCR; or (b) immediately terminate the affected Services or the Agreement without further obligation to you if, in NCR's sole discretion, the breach cannot be cured. In either case, you will refund all fees for Services not yet delivered or performed by the termination date to the extent NCR has paid for such Services in advance.

6.2 Upon the earlier of (i) NCR's request, (ii) termination of the business need to retain NCR Data, or (iii) termination of the Services or the Agreement, at NCR's option you will return to NCR or destroy all NCR Data in your possession as a result of the Agreement, and retain no copies if it is feasible to do so (and you will also require your subcontractors to do the same for any NCR Data in their possession). All destruction of NCR Data will be performed in accordance with procedures at least as stringent as the purge requirements described in NIST Special Publication 800-88. You will certify to NCR that NCR Data has been destroyed in accordance with these requirements. If return or destruction is infeasible, then you will extend all protections, limitations and restrictions contained in this Exhibit to your Processing of any retained NCR Data, and limit further uses and/or disclosures to the purposes that

make the return or destruction of the NCR Data infeasible (and you will also require your subcontractors to do the same for any NCR Data in their possession). This Section 6 in this Exhibit will survive the termination or expiration of this Exhibit and the Agreement.

7. Miscellaneous.

7.1 Interpretation. Unless otherwise expressly set forth herein, the terms of this Exhibit will control in the case of any conflict with the terms of the Agreement.

7.2 Indemnification. You will defend, indemnify and hold harmless NCR, its Affiliates, distributors, resellers, customers, end users, employees, directors, and contractors for any actual or threatened claims, suits, costs (including attorneys' fees), fines, penalties, losses or damages caused by, related to, or arising out of your acts or omissions, or the acts or omissions of your Affiliates, subcontractors or by anyone directly or indirectly employed by you or by them in connection with your obligations under this Exhibit. Your indemnification is not subject to any limitation of liability provision contained in the Agreement.

7.3 Construction. Any provision which is required to be made part of this Exhibit or the Agreement by virtue of any Privacy Law is incorporated herein by reference. This Exhibit and the Agreement will be construed in a manner that most favorably facilitates NCR's compliance with all Privacy Laws.

7.4 Amendment. To the extent that any relevant provisions of any Privacy Law is materially amended in a manner that changes the obligations of NCR, you, NCR's customers or prospects, or an end user, this Exhibit will be automatically amended to comply with the Privacy Laws as amended.

7.5 Appendices. The following are attached to and part of this Exhibit: Appendix 1: EU Standard Contractual Clauses; Appendix 2: Swiss Standard Contractual Clauses; Appendix 3: Undertakings for Data Originating in Israel; and Appendix 4: Sub-processor List.

[signatures on next page]

NCR Confidential

Each party has caused this Exhibit to be duly executed by its authorized representative.

NCR Corporation

864 Spring St. NW, Atlanta, GA 30308-1007

Signed: _____

Print Name: _____

Print Title: _____

Date: _____

Universal Global Scientific Industrial Co., Ltd

141, Lane 351, Taiping Road, Sec. 1, Tsao Tuen, Nan-Tou,
Taiwan

Taiwan Signed: _____

Print Name: _____

Print Title: _____

Date: _____

NCR Confidential

APPENDIX 1: STANDARD CONTRACTUAL CLAUSES (PROCESSORS)

This Appendix 1 is part of the Data Security and Privacy Exhibit (NCR as Controller) and must be accompanied by and signed with that Exhibit to be valid:

For the purposes of Article 26(2) of Directive 95/46/EC for the transfer of personal data to processors established in third countries which do not ensure an adequate level of data protection:

Data exporting organisation: **Each of the NCR Affiliates within the EU listed on Attachment 3 to these Standard Contractual Clauses** (collectively, the ‘**data exporter**’), and

Data importing organisation: **Universal Global Scientific Industrial Co., Ltd** (the ‘**data importer**’)

each a ‘**party**’; together ‘**the parties**’, have agreed on the following Contractual Clauses (the Clauses) in order to adduce adequate safeguards with respect to the protection of privacy and fundamental rights and freedoms of individuals for the transfer by the data exporter to the data importer of the personal data specified in Attachment 1 to this Appendix 1.

Clause 1 Definitions. For the purposes of the Clauses:

- (a) ‘personal data’, ‘special categories of data’, ‘process/processing’, ‘controller’, ‘processor’, ‘data subject’ and ‘supervisory authority’ shall have the same meaning as in Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the “Directive”);
- (b) ‘data exporter’ means the controller who transfers the personal data;
- (c) ‘data importer’ means the processor who agrees to receive from the data exporter personal data intended for processing on his behalf after the transfer in accordance with his instructions and the terms of the Clauses and who is not subject to a third country’s system ensuring adequate protection within the meaning of Article 25(1) of the Directive; EN L 39/10 Official Journal of the European Union 12.2.2010;
- (d) ‘sub-processor’ means any processor engaged by the data importer or by any other sub-processor of the data importer who agrees to receive from the data importer or from any other sub-processor of the data importer personal data exclusively intended for processing activities to be carried out on behalf of the data exporter after the transfer in accordance with his instructions, the terms of the Clauses and the terms of the written subcontract;
- (e) ‘applicable data protection law’ means the legislation protecting the fundamental rights and freedoms of individuals and, in particular, their right to privacy with respect to the processing of personal data applicable to a data controller in the Member State in which the data exporter is established;
- (f) ‘technical and organisational security measures’ means those measures aimed at protecting personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing.

Clause 2 Details of the transfer. The details of the transfer and in particular the special categories of personal data where applicable are specified in Attachment 1 which forms an integral part of the Clauses.

Clause 3 Third-party beneficiary clause.

1. The data subject can enforce against the data exporter this Clause, Clause 4(b) to (i), Clause 5(a) to (e), and (g) to (j), Clause 6(1) and (2), Clause 7, Clause 8(2), and Clauses 9 to 12 as third-party beneficiary.
2. The data subject can enforce against the data importer this Clause, Clause 5(a) to (e) and (g), Clause 6, Clause 7, Clause 8(2), and Clauses 9 to 12, in cases where the data exporter has factually disappeared or has ceased to exist in law unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity.
3. The data subject can enforce against the sub-processor this Clause, Clause 5(a) to (e) and (g), Clause 6, Clause 7, Clause 8(2), and Clauses 9 to 12, in cases where both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity. Such third-party liability of the sub-processor shall be limited to its own processing operations under the Clauses.
4. The parties do not object to a data subject being represented by an association or other body if the data subject so expressly wishes and if permitted by national law.

Clause 4 Obligations of the data exporter. The data exporter agrees and warrants:

- (a) that the processing, including the transfer itself, of the personal data has been and will continue to be carried out in accordance with the relevant provisions of the applicable data protection law (and, where applicable, has been notified to the relevant authorities of the Member State where the data exporter is established) and does not violate the relevant provisions of that State;
- (b) that it has instructed and throughout the duration of the personal data-processing services will instruct the data importer to process the personal data transferred only on the data exporter's behalf and in accordance with the applicable data protection law and the Clauses;
- (c) that the data importer will provide sufficient guarantees in respect of the technical and organizational security measures specified in Attachment 2 to this contract;
- (d) that after assessment of the requirements of the applicable data protection law, the security measures are appropriate to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing, and that these measures ensure a level of security appropriate to the risks presented by the processing and the nature of the data to be protected having regard to the state of the art and the cost of their implementation;
- (e) that it will ensure compliance with the security measures;
- (f) that, if the transfer involves special categories of data, the data subject has been informed or will be informed before, or as soon as possible after, the transfer that its data could be transmitted to a third country not providing adequate protection within the meaning of Directive 95/46/EC;
- (g) to forward any notification received from the data importer or any sub-processor pursuant to Clause 5(b) and Clause 8(3) to the data protection supervisory authority if the data exporter decides to continue the transfer or to lift the suspension;
- (h) to make available to the data subjects upon request a copy of the Clauses, with the exception of Attachment 2, and a summary description of the security measures, as well as a copy of any contract for sub-processing services which has to be made in accordance with the Clauses, unless the Clauses or the contract contain commercial information, in which case it may remove such commercial information;
- (i) that, in the event of sub-processing, the processing activity is carried out in accordance with Clause 11 by a sub-processor providing at least the same level of protection for the personal data and the rights of data subject as the data importer under the Clauses; and
- (j) that it will ensure compliance with Clause 4(a) to (i).

Clause 5 Obligations of the data importer. The data importer agrees and warrants:

- (a) to process the personal data only on behalf of the data exporter and in compliance with its instructions and the Clauses; if it cannot provide such compliance for whatever reasons, it agrees to inform promptly the data exporter of its inability to comply, in which case the data exporter is entitled to suspend the transfer of data and/or terminate the contract;
- (b) that it has no reason to believe that the legislation applicable to it prevents it from fulfilling the instructions received from the data exporter and its obligations under the contract and that in the event of a change in this legislation which is likely to have a substantial adverse effect on the warranties and obligations provided by the Clauses, it will promptly notify the change to the data exporter as soon as it is aware, in which case the data exporter is entitled to suspend the transfer of data and/or terminate the contract;
- (c) that it has implemented the technical and organisational security measures specified in Attachment 2 before processing the personal data transferred;
- (d) that it will promptly notify the data exporter about:
 - i. any legally binding request for disclosure of the personal data by a law enforcement authority unless otherwise prohibited, such as a prohibition under criminal law to preserve the confidentiality of a law enforcement investigation;
 - ii. any accidental or unauthorised access; and
 - iii. any request received directly from the data subjects without responding to that request, unless it has been otherwise authorised to do so;
- (e) to deal promptly and properly with all inquiries from the data exporter relating to its processing of the personal data subject to the transfer and to abide by the advice of the supervisory authority with regard to the processing of the data transferred;

- (f) at the request of the data exporter to submit its data-processing facilities for audit of the processing activities covered by the Clauses which shall be carried out by the data exporter or an inspection body composed of independent members and in possession of the required professional qualifications bound by a duty of confidentiality, selected by the data exporter, where applicable, in agreement with the supervisory authority;
- (g) to make available to the data subject upon request a copy of the Clauses, or any existing contract for sub-processing, unless the Clauses or contract contain commercial information, in which case it may remove such commercial information, with the exception of Attachment 2 which shall be replaced by a summary description of the security measures in those cases where the data subject is unable to obtain a copy from the data exporter;
- (h) that, in the event of sub-processing, it has previously informed the data exporter and obtained its prior written consent;
- (i) that the processing services by the sub-processor will be carried out in accordance with Clause 11;
- (j) to send promptly a copy of any sub-processor agreement it concludes under the Clauses to data exporter.

Clause 6 Liability.

1. The parties agree that any data subject, who has suffered damage as a result of any breach of the obligations referred to in Clause 3 or in Clause 11 by any party or sub-processor is entitled to receive compensation from the data exporter for the damage suffered.
2. If a data subject is not able to bring a claim for compensation in accordance with paragraph 1 against the data exporter, arising out of a breach by the data importer or his sub-processor of any of their obligations referred to in Clause 3 or in Clause 11, because the data exporter has factually disappeared or ceased to exist in law or has become insolvent, the data importer agrees that the data subject may issue a claim against the data importer as if it were the data exporter, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, in which case the data subject can enforce its rights against such entity. The data importer may not rely on a breach by a sub-processor of its obligations in order to avoid its own liabilities.
3. If a data subject is not able to bring a claim against the data exporter or the data importer referred to in paragraphs 1 and 2, arising out of a breach by the sub-processor of any of their obligations referred to in Clause 3 or in Clause 11 because both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, the sub-processor agrees that the data subject may issue a claim against the data sub-processor with regard to its own processing operations under the Clauses as if it were the data exporter or the data importer, unless any successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law, in which case the data subject can enforce its rights against such entity. The liability of the sub-processor shall be limited to its own processing operations under the Clauses.

Clause 7 Mediation and jurisdiction.

1. The data importer agrees that if the data subject invokes against it third-party beneficiary rights and/or claims compensation for damages under the Clauses, the data importer will accept the decision of the data subject:
 - a) to refer the dispute to mediation, by an independent person (or where applicable, by the supervisory authority);
 - b) to refer the dispute to the courts in the Member State in which the data exporter is established.
2. The parties agree that the choice made by the data subject will not prejudice its substantive or procedural rights to seek remedies in accordance with other provisions of national or international law.

Clause 8 Cooperation with supervisory authorities

1. The data exporter agrees to deposit a copy of this contract with the supervisory authority if it so requests or if such deposit is required under the applicable data protection law.
2. The parties agree that the supervisory authority has the right to conduct an audit of the data importer, and of any sub-processor, which has the same scope and is subject to the same conditions as would apply to an audit of the data exporter under the applicable data protection law.
3. The data importer shall promptly inform the data exporter about the existence of legislation applicable to it or any sub-processor preventing the conduct of an audit of the data importer, or any sub-processor, pursuant to paragraph 2. In such a case the data exporter shall be entitled to take the measures foreseen in Clause 5(b).

Clause 9 Governing law. The Clauses shall be governed by the law of the Member State in which the data exporter is established.

Clause 10 Variation of the contract. The parties undertake not to vary or modify the Clauses. This does not preclude the parties from adding clauses on business related issues where required as long as they do not contradict the Clause.

Clause 11 Sub-processing.

1. The data importer shall not subcontract any of its processing operations performed on behalf of the data exporter under the Clauses without the prior written consent of the data exporter. Where data importer subcontracts its obligations under the Clauses, with the consent of the data exporter, it shall do so only by way of a written agreement with the sub-processor which imposes the same obligations on the sub-processor as are imposed on the data importer under the Clauses. Where the sub-processor fails to fulfill its data protection obligations under such written agreement the data importer shall remain fully liable to the data exporter for the performance of the sub-processor's obligations under such agreement.
2. The prior written contract between the data importer and the sub-processor shall also provide for a third-party beneficiary clause as laid down in Clause 3 for cases where the data subject is not able to bring the claim for compensation referred to in paragraph 1 of Clause 6 against the data exporter or the data importer because they have factually disappeared or have ceased to exist in law or have become insolvent and no successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law. Such third-party liability of the sub-processor shall be limited to its own processing operations under the Clauses.
3. The provisions relating to data protection aspects for sub-processing of the contract referred to in paragraph 1 shall be governed by the law of the Member State in which the data exporter is established.
4. The data exporter shall keep a list of sub-processing agreements concluded under the Clauses and notified by the data importer pursuant to Clause 5(j), which shall be updated at least once a year. The list shall be available to the data exporter's data protection supervisory authority.

Clause 12 Obligation after the termination of personal data-processing services.

1. The parties agree that on the termination of the provision of data-processing services, the data importer and the sub-processor shall, at the choice of the data exporter, return all the personal data transferred and the copies thereof to the data exporter or shall destroy all the personal data and certify to the data exporter that it has done so, unless legislation imposed upon the data importer prevents it from returning or destroying all or part of the personal data transferred. In that case, the data importer warrants that it will guarantee the confidentiality of the personal data transferred and will not actively process the personal data transferred anymore.
2. The data importer and the sub-processor warrant that upon request of the data exporter and/or of the supervisory authority, it will submit its data-processing facilities for an audit of the measures referred to in paragraph 1.

[signatures on next page]

NCR Confidential

On behalf of the data exporter:

On behalf of the data importer:

Please see signatures in Appendix 3.

Universal Global Scientific Industrial Co., Ltd

Signed: _____

Print Name: _____

Print Title: _____

Date: _____

Address: 141, Lane 351, Taiping Road, Sec. 1, Tsao Tuen, Nan-Tou, Taiwan

NCR Confidential

APPENDIX 1: STANDARD CONTRACTUAL CLAUSES (PROCESSORS)
Attachment 1 to the Standard Contractual Clauses (Processors)

This Appendix 1 forms part of the Standard Contractual Clauses (Processors) to which it is attached.

Data exporter: The NCR Affiliates listed on the signature page to the Standard Clauses to which this Appendix is attached.

Below is sample text for services description & data overview; please customize all text below as applicable.

Data importer provides data processing services: The data importer will process personal data in connection with services provided under its agreement(s) with NCR. Such services consist of provision of products, parts, support, manufacturing services, and any other agreed upon services activity.

Data subjects: The personal data transferred may concern the following categories of data subjects:

- NCR employees;
- Personnel of NCR contractors and partners and prospective contractors and partners, including advisors, consultants, suppliers, contractors, subcontractors, resellers, distributors and agents;
- Customers and their employees, partners, advisors, consultants, suppliers, contractors, subcontractors, and agents;
- Complainants, correspondents, and enquirers.

Categories of data: The data subjects' personal data transferred concern the following categories of data:

- **Demographic Data:** legal name, preferred name, title, photograph, location, function, region, address details, contact information (phone, email, address); job profile, department, level, employing company, reporting structure, region of responsibility, function, employee type, organizational charts, employee Quicklook ID, employee global ID;;
-

– **Special categories of data (if appropriate): NONE**

Purposes of the transfer(s): The transfers are made for the following purposes:

- To facilitate the efficient operation of NCR Corporation group's business;
- To gain operational visibility, efficiency, and accuracy, and ensure cost-effectiveness;
- To respond to requests from law enforcement or government authorities where necessary to comply with applicable law;
- To carry out operations re provision of products and services to NCR;
- To take actions to comply with applicable laws and international treaties where applicable.

Processing operations: The personal data transferred will be subject to the following processing activities:

- All operations with regard to personal data irrespective of the means applied and procedures, in particular the obtaining, collecting, recording, organising, storage, holding, use, amendment, adaptation, alteration, disclosure, dissemination or otherwise making available, aligning, combining, retrieval, consultation, archiving, transmission, blocking, erasing, or destruction of data, the operation and maintenance of systems, management and management reporting, financial reporting, risk management, compliance, legal and audit functions and shall include "processing" which shall have the meaning given to such term in the Directive.
- The personal data transferred are to be stored for periods as data exporter may instruct data importer from time to time, but in any case for no longer than relevant periods as required or permitted under applicable data protection and or other laws and regulations.
- The personal data may be hosted on a cloud services provider's IT systems in accordance with the terms hereof.

On behalf of the data exporter: **On behalf of the data importer:**

Please see signatures in Appendix 3.

Universal Global Scientific Industrial Co., Ltd

Signed: _____

Print Name: _____

Print Title: _____

Date: _____

Address: 141, Lane 351, Taiping Road, Sec. 1, Tsao Tuen, Nan-Tou, Taiwan

NCR Confidential

APPENDIX 1: STANDARD CONTRACTUAL CLAUSES (PROCESSORS)
Attachment 2 to the Standard Contractual Clauses (Processors)

This Attachment 2 forms part of the Standard Contractual Clauses (Processors) to which it is attached.

FOR SUPPLIER: Below is a sample information security overview; if you do not maintain a standard overview that can be inserted here, then please customize below as applicable.

Data Importer Information Security Overview: This information security overview applies to Data importer's corporate controls for safeguarding personal data which is processed by data importer and transferred by data importer amongst its Affiliates and subcontractors. Data importer's information security program enables its personnel, including the personnel of its Affiliates and sub-processors, to understand their responsibilities.

Security Practices: Data importer has implemented corporate information security practices and standards that are designed to safeguard Data importer's corporate environment and to address: (1) information security; (2) system and asset management; (3) development; and (4) governance. These practices and standards are approved by Data importer executive management and undergo an annual formal review.

Organizational Security: It is the responsibility of the Data importer's personnel, including the personnel of its Affiliates and sub-processors to comply with these practices and standards. To facilitate the corporate adherence to these practices and standards, the information security function provides:

1. Strategy and compliance with policies/standards and regulations, awareness and education, risk assessments and management, contract security requirements management, application and infrastructure consulting, assurance testing and drives the security direction of the company.
2. Security testing, design and implementation of security solutions to enable security controls adoption across the environment.
3. Security operations of implemented security solutions, the environment and assets, and manage incident response.
4. Forensic investigations with security operations, legal, data protection and human resources for investigations including eDiscovery and eForensics.

Asset Classification and Control: Data importer's practice is to track and manage physical and logical assets. Examples of the assets that data importer IT might track include:

- Information assets, such as identified databases, disaster recovery plans, business continuity plans, data classification, archived information.
- Software assets, such as identified applications and system software.
- Physical assets, such as identified servers, desktops/laptops, backup/archival tapes, printers and communications equipment.

The assets are classified based on business criticality to determine confidentiality requirements. Industry guidance for handling personal data provides the framework for technical, organizational and physical safeguards. These may include controls such as access management, encryption, logging and monitoring, and data destruction.

Personnel Security: As part of the employment process, employees undergo a screening process applicable per regional law. Data importer's annual compliance training includes a requirement for employees to complete an online course and pass an assessment covering information security and data privacy. The security awareness program may also provide materials specific to certain job functions.

Physical and Environmental Security: Data importer uses a number of technological and operational approaches in its physical security program in regards to risk mitigation. Their security team works closely with each site to determine appropriate measures are in place and continually monitor any changes to the physical infrastructure, business, and known threats. They also monitor best practice measures used by others in the industry and carefully select approaches that meet both uniqueness's in business practice and expectations of data importer as a whole. Data importer balances its approach towards security by considering elements of control that include architecture, operations, and systems.

Communications and Operations Management: The IT organization manages changes to the corporate infrastructure, systems and applications through a centralized change management program, which may include, testing, business impact analysis and management approval were appropriate. Incident response procedures exist for security and data protection incidents, which may include incident analysis, containment, response, remediation, reporting and the return to normal operations. To protect against malicious use of assets and malicious software, additional controls may be implemented based on risk. Such controls may include, but are not limited to, information security policies and standards, restricted access, designated development and test environments, virus detection on servers, desktop and notebooks; virus email attachment scanning; system compliance scans, intrusion prevention monitoring and response, logging and alerting on key events, information handling procedures based on data type, e-commerce application and network security, and system and application vulnerability scanning.

Access Controls: Access to corporate systems is restricted, based on procedures to ensure appropriate approvals. To reduce the risk of misuse, intentional or otherwise, access is provided based on segregation of duties and least privileges. Remote access and wireless computing capabilities are restricted and require that both user and system safeguards are in place. Specific event logs from key devices and systems are centrally collected and reported on an exceptions basis to enable incident response and forensic investigations.

System Development and Maintenance: Publicly released third party vulnerabilities are reviewed for applicability in the data importer environment. Based on risk to data importer's business and customers, there are pre-determined timeframes for remediation. In addition, vulnerability scanning and assessments are performed on new and key applications and the infrastructure based on risk. Code reviews and scanners are used in the development environment prior to production to proactively detect coding vulnerabilities based on risk. These processes enable proactive identification of vulnerabilities as well as compliance.

Compliance: The information security, legal, privacy and compliance departments work to identify regional laws, regulations applicable to data importer corporate. These requirements cover areas such as, intellectual property of the company and our customers, software licenses, protection of employee and customer personal information, data protection and data handling procedures, trans-border data transmission, financial and operational procedures, regulatory export controls around technology, and forensic requirements. Mechanisms such as the information security program, the executive privacy council, internal and external audits/assessments, internal and external legal counsel consultation, internal controls assessment, internal penetration testing and vulnerability assessments, contract management, security awareness, security consulting, policy exception reviews and risk management combine to drive compliance with these requirements.

On behalf of the data exporter: **On behalf of the data importer:**

Please see signatures in Attachment 3.

Universal Global Scientific Industrial Co., Ltd

Signed: _____

Print Name: _____

Print Title: _____

Date: _____

Address: 141, Lane 351, Taiping Road, Sec. 1, Tsao Tuen, Nan-Tou, Taiwan

NCR Confidential

APPENDIX 1: STANDARD CONTRACTUAL CLAUSES (PROCESSORS)
Attachment 3 to the Standard Contractual Clauses (Processors)

This Attachment 3 is part of the Appendix 1: Standard Contractual Clauses (Processors) to which it is attached.

The following NCR Affiliates within the EU are identified as data exporters for the purpose of the Standard Contractual Clauses.

Name of NCR Affiliate	Address (including country)
NCR Oesterreich Ges.m.b.H.	Storchengasse 1, 1150 Wien, Austria
Orderman GmbH	Bachstrasse 59, 5023 Salzburg-Gnigl, Austria
NCR Belgium & Co. SNC	Ikaroslaan 36, 1930 Zaventem, Belgium
NCR (Middle East) Limited	80A Limassol Avenue, Nicosia, 2014, Cyprus
NCR Ceska Republika spol. S.r.o.	Rohanské nábřeží 678/29, Karlín, 186 00 Praha 8, Czech Republic
NCR Danmark A/S	Rued Langgaards Vej 8, 2300 Copenhagen S, Denmark
NCR Finland OY	Kilonpuisto 2 B 43, 02610 Espoo, Finland
NCR France, SNC	11 rue du Chemin des Femmes, 91749 Massy, France
NCR Antilles S.A.R.L.	7 Rue Ferdinand Forest, Baie-Mhault, Guadeloupe, French West Indies
NCR GmbH	Steinerne Furt 67, 86167 Augsburg, Germany
NCR (Hellas) S.A.	Spaton Ave 60 & Vikela Corner, Gerakas, Hellas, Athens, 153 44, Greece
NCR Magyarország Kft.	Fehérvári utca 79/IV, 1119 Budapest, Hungary
NCR Global Solutions Limited	180 Lakeview Dr., Airside Business Park, Swords, Co. Dublin, Ireland
NCR Italia S.r.l.	Via Cusago 150/4, Milano, 20153, Italy
Orderman S.A.R.L.	10, rue de Reims, 2417 Luxembourg, Luxembourg
Orderman S.A.R.L.	
NCR Dutch Holdings B.V.	Radarweg 29, 1043 NX Amsterdam, the Netherlands
NCR Dutch Holdings B.V.	
NCR Nederland B.V.	Radarweg 29, 1043 NX Amsterdam, the Netherlands
NCR Polska Sp.z.o.o.	32 Krakowiaków Str., 02-255 Warsaw, Poland
NCR Polska Sp.z.o.o.	
NCR Iberia Lda	n.º 3-C 3-D, Largo de Santa Bárbara, Anjos, 1150-287, Lisbon, Portugal
NCR Espana, S.L.U.	Comandante Azcárraga 3, 28016 Madrid, Spain
Orderman Iberica S.L.	Comandante Azcárraga 3, 28016 Madrid, Spain
Iber Aloha S.L.	Comandante Azcárraga 3, 28016 Madrid, Spain
NCR International, Inc., branch office Sweden	Box 178, 57522 Eksjo, Sweden
NCR Financial Solutions Group Limited	Discovery Centre, 3 Fulton Rd, Dundee, Scotland, DD2 4SW, U.K.
NCR Limited	9th Floor, 5 Merchant Square, London, W2 1BQ, U.K.
Radiant Systems Limited	9th Floor, 5 Merchant Square, London, W2 1BQ, U.K.

Attachment 3 may be updated by NCR on written notice to Supplier.

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**APPENDIX 2: STANDARD CONTRACTUAL CLAUSES FOR TRANSFER OF PERSONAL DATA
FROM THE SWISS CONFEDERATION TO THIRD COUNTRIES
(CONTROLLER TO PROCESSOR TRANSFERS)**

This Appendix 2 is part of the Supplier Data Privacy Exhibit (NCR as Controller) and must be accompanied by and signed with that Exhibit to be valid.

For the purposes of Article 6, paragraph 2, let. a) of the Swiss Federal Act on Data Protection of 1992 (DPA) for the transfer of personal data to processors established in third countries which do not ensure an adequate level of data protection:

Data exporting organisation: **NCR (Schweiz) GmbH** (Email: law.notices@ncr.com), organized and existing under the laws of the Swiss Confederation (the '**data exporter**'), and

Data importing organisation: **Universal Global Scientific Industrial Co., Ltd** (141, Lane 351, Taiping Road, Sec. 1, Tsao Tuen, Nan-Tou, Taiwan), organized and existing under the laws of [state/province of Supplier's legal creation] in [Taiwan] the '**data importer**'

each a '**party**'; together '**the parties**', have agreed on the following Contractual Clauses (the Clauses) in order to adduce adequate safeguards with respect to the protection of privacy and fundamental rights and freedoms of individuals for the transfer by the data exporter to the data importer of the personal data specified in Attachment 1 to this Appendix 2.

Clause 1 Definitions. For the purposes of the Clauses:

- a) "personal data" shall mean any information relating to an identified or identifiable natural person or legal entity ("data subject"); an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity;
- b) "special categories of data", "process/processing", "personality profile", "controller of the file", and "supervisory authority/commissioner/authority" shall have the same meaning as in the Swiss Federal Act on Data Protection of 19 June 1992 ("DPA"), (whereby the "authority" shall mean the competent data protection authority in the territory in which the data exporter is established);
- c) the "data exporter" means the controller who transfers the personal data;
- d) the "data importer" means the processor who agrees to receive from the data exporter personal data intended for processing on his behalf after the transfer in accordance with his instructions and the terms of the Clauses and who is not subject to a third country's system ensuring adequate protection within the meaning of Article 6 DPA;
- e) the "Subprocessor" means any processor engaged by the data importer or by any other subprocessor of the data importer who agrees to receive from the data importer or from any other subprocessor of the data importer personal data exclusively intended for processing activities to be carried out on behalf of the data exporter after the transfer in accordance with its instructions, the terms of these Clauses and the terms of the written subcontract;
- f) the "Applicable data protection law" means the legislation protecting the fundamental rights and freedoms of individuals and, in particular, their right to privacy with respect to the processing of personal data applicable to a data controller in the country in which the data exporter is established;
- g) "technical and organizational security measures" means those measures aimed at protecting personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing.

Details of the Transfer. The details of the transfer and in particular the special categories of personal data where applicable are specified in Attachment 1 which forms an integral part of the Clauses.

Clause 2 Third-Party Beneficiary Clause.

1. The data subject can enforce against the data exporter this Clause, Clause 4(b) to (i), Clause 5(a) to (e) and (g) to (j), Clause 6(1) and (2), and Clause 7, Clause 8(2), Clauses 9 to 12 as third-party beneficiary.
2. The data subject can enforce against the data importer this Clause, Clause 5(a) to (e) and (g), Clause 6, Clause 7, Clause 8(2), and Clauses 9 to 12, in cases where the data exporter has factually disappeared or has ceased to exist in law unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity.

3. The data subject can enforce against the subprocessor this Clause, Clause 5(a) to (e) and (g), Clause 6, Clause 7, Clause 8(2), and Clauses Clause 9 to Clause 12, in cases where both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity. Such third-party liability of the subprocessor shall be limited to its own processing operations under the Clauses.
4. The parties do not object to a data subject being represented by an association or other body if the data subject so expressly wishes and if permitted by national law.

Clause 3 Obligations of the Data Exporter. The data exporter agrees and warrants:

- a) that the processing, including the transfer itself, of the personal data has been and will continue to be carried out in accordance with the relevant provisions of the applicable data protection law (and, where applicable, has been notified to the relevant authorities of the country where the data exporter is established) and does not violate the relevant provisions of that country;
- b) that it has instructed and throughout the duration of the personal data processing services will instruct the data importer to process the personal data transferred only on the data exporter's behalf and in accordance with the applicable data protection law and the Clauses;
- c) that the data importer will provide sufficient guarantees in respect of the technical and organizational security measures specified in Attachment 2 to this contract;
- d) that after assessment of the requirements of the applicable data protection law, the security measures are appropriate to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing, and that these measures ensure a level of security appropriate to the risks presented by the processing and the nature of the data to be protected having regard to the state of the art and the cost of their implementation;
- e) that it will ensure compliance with the security measures;
- f) that, if the transfer involves special categories of data, the data subject has been informed or will be informed before, or as soon as possible after, the transfer that its data could be transmitted to a third country not providing adequate protection within the meaning of Article 6 DPA;
- g) to forward any notification received from the data importer or any subprocessor pursuant to Clause 5(b) and Clause 8(3) to the data protection supervisory authority, if the data exporter decides to continue the transfer or to lift the suspension;
- h) to make available to the data subjects upon request a copy of the Clauses, with the exception of Attachment 2, and a summary description of the security measures, as well as a copy of any contract for subprocessing services which has to be made in accordance with the Clauses, unless the Clauses or the contract contain commercial information, in which case it may remove such commercial information;
- i) that, in the event of subprocessing, the processing activity is carried out in accordance with Clause 11 by a subprocessor providing at least the same level of protection for the personal data and the rights of data subject as the data importer under the Clauses; and
- j) that it will ensure compliance with Clause 4(a) to (i).

Clause 4 Obligations of the Data Importer. The data importer agrees and warrants:

- a) to process the personal data only on behalf of the data exporter and in compliance with its instructions and the Clauses; if it cannot provide such compliance for whatever reasons, it agrees to inform promptly the data exporter of its inability to comply, in which case the data exporter is entitled to suspend the transfer of data and/or terminate the contract;
- b) that it has no reason to believe that the legislation applicable to it prevents it from fulfilling the instructions received from the data exporter and its obligations under the contract and that in the event of a change in this legislation which is likely to have a substantial adverse effect on the warranties and obligations provided by the Clauses, it will promptly notify the change to the data exporter as soon as it is aware, in which case the data exporter is entitled to suspend the transfer of data and/or terminate the contract;
- c) that it has implemented the technical and organizational security measures specified in Attachment 2 before processing the personal data transferred;
- d) that it will promptly notify the data exporter about:

- (i) any legally binding request for disclosure of the personal data by a law enforcement authority unless otherwise prohibited, such as a prohibition under criminal law to preserve the confidentiality of a law enforcement investigation;
 - (ii) any accidental or unauthorized access; and
 - (iii) any request received directly from the data subjects without responding to that request, unless it has been otherwise authorized to do so;
- e) to deal promptly and properly with all enquiries from the data exporter relating to its processing of the personal data subject to the transfer and to abide by the advice of the supervisory authority with regard to the processing of the data transferred;
 - f) at the request of the data exporter to submit its data processing facilities for audit of the processing activities covered by the Clauses which shall be carried out by the data exporter or an inspection body composed of independent members and in possession of the required professional qualifications bound by a duty of confidentiality, selected by the data exporter, where applicable, in agreement with the supervisory authority;
 - g) to make available to the data subject upon request a copy of the Clauses, or any existing contract for subprocessing, unless the Clauses or contract contain commercial information, in which case it may remove such commercial information, with the exception of Attachment 2 which shall be replaced by a summary description of the security measures in those cases where the data subject is unable to obtain a copy from the data exporter;
 - h) that, in the event of subprocessing, it has previously informed the data exporter and obtained its prior written consent;
 - i) that the processing services by the subprocessor will be carried out in accordance with Clause 11;
 - j) to send promptly a copy of any subprocessor agreement it concludes under the Clauses to the data exporter.

Clause 5 Liability.

1. The parties agree that any data subject, who has suffered damage as a result of any breach of the obligations referred to in Clause 3 or in Clause 11 by any party or subprocessor is entitled to receive compensation from the data exporter for the damage suffered.
2. If a data subject is not able to bring a claim for compensation in accordance with paragraph 1 against the data exporter, arising out of a breach by the data importer or his subprocessor of any of their obligations referred to in Clause 3 or in Clause 11, because the data exporter has factually disappeared or ceased to exist in law or has become insolvent, the data importer agrees that the data subject may issue a claim against the data importer as if it were the data exporter, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, in which case the data subject can enforce its rights against such entity.
3. The data importer may not rely on a breach by a subprocessor of its obligations in order to avoid its own liabilities.
4. If a data subject is not able to bring a claim against the data exporter or the data importer referred to in paragraphs 1 and 2, arising out of a breach by the subprocessor of any of their obligations referred to in Clause 3 or in Clause 11 because both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, the subprocessor agrees that the data subject may issue a claim against the data subprocessor with regard to its own processing operations under the Clauses as if it were the data exporter or the data importer, unless any successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law, in which case the data subject can enforce its rights against such entity. The liability of the subprocessor shall be limited to its own processing operations under the Clauses.

Clause 6 Mediation and Jurisdiction.

1. The data importer agrees that if the data subject invokes against it third-party beneficiary rights and/or claims compensation for damages under the Clauses, the data importer will accept the decision of the data subject:
 - a) to refer the dispute to mediation, by an independent person or, where applicable, by the supervisory authority;
 - b) to refer the dispute to the courts in the Swiss Confederation.
2. The parties agree that the choice made by the data subject will not prejudice its substantive or procedural rights to seek remedies in accordance with other provisions of national or international law.

Clause 7 Cooperation with Supervisory Authorities.

1. The data exporter agrees to deposit a copy of this contract with the supervisory authority if it so requests or if such deposit is required under the applicable data protection law.
2. The parties agree that the supervisory authority has the right to conduct an audit of the data importer, and of any subprocessor, which has the same scope and is subject to the same conditions as would apply to an audit of the data exporter under the applicable data protection law.
3. The data importer shall promptly inform the data exporter about the existence of legislation applicable to it or any subprocessor preventing the conduct of an audit of the data importer, or any subprocessor, pursuant to paragraph 2. In such a case the data exporter shall be entitled to take the measures foreseen in Clause 5(b).

Clause 8 Governing Law. The Clauses shall be governed by the law of the country in which the data exporter is established, namely the Swiss Federal Act on Data Protection of 19 June 1992 and its implementing Ordinance of 14 June 1993.

Clause 9 Variation of the Contract. The parties undertake not to vary or modify the Clauses. This does not preclude the parties from adding clauses on business related issues where required as long as they do not contradict the Clauses.

Clause 10 Subprocessing.

1. The data importer shall not subcontract any of its processing operations performed on behalf of the data exporter under the Clauses without the prior written consent of the data exporter. Where the data importer subcontracts its obligations under the Clauses, with the consent of the data exporter, it shall do so only by way of a written agreement with the subprocessor which imposes the same obligations on the subprocessor as are imposed on the data importer under the Clauses. Where the subprocessor fails to fulfil its data protection obligations under such written agreement the data importer shall remain fully liable to the data exporter for the performance of the subprocessor's obligations under such agreement.
2. The prior written contract between the data importer and the subprocessor shall also provide for a third-party beneficiary clause as laid down in Clause 3 for cases where the data subject is not able to bring the claim for compensation referred to in paragraph 1 of Clause 6 against the data exporter or the data importer because they have factually disappeared or have ceased to exist in law or have become insolvent and no successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law. Such third-party liability of the subprocessor shall be limited to its own processing operations under the Clauses.
3. The provisions relating to data protection aspects for subprocessing of the contract referred to in paragraph 1 shall be governed by the law of the country in which the data exporter is established, namely the Swiss Federal Act on Data Protection of 19 June 1992 and its implementing Ordinance of 14 June 1993.
4. The data exporter shall keep a list of subprocessing agreements concluded under the Clauses and notified by the data importer pursuant to Clause 5(j), which shall be updated at least once a year. The list shall be available to the data exporter's data protection supervisory authority.

Clause 11 Obligation after the Termination of Personal Data Processing Services.

1. The parties agree that on the termination of the provision of data processing services, the data importer and the subprocessor shall, at the choice of the data exporter, return all the personal data transferred and the copies thereof to the data exporter or shall destroy all the personal data and certify to the data exporter that it has done so, unless legislation imposed upon the data importer prevents it from returning or destroying all or part of the personal data transferred. In that case, the data importer warrants that it will guarantee the confidentiality of the personal data transferred and will not actively process the personal data transferred anymore.
2. The data importer and the subprocessor warrant that upon request of the data exporter and/or of the supervisory authority, it will submit its data processing facilities for an audit of the measures referred to in paragraph 1.

DATA EXPORTER:
NCR (Schweiz) GmbH

DATA IMPORTER:
Universal Global Scientific Industrial Co., Ltd

Signed _____

Signed _____

Name _____

Name _____

Title _____

Title _____

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**Attachment 1 to the Standard Contractual Clauses for the Transfer of Personal Data
From the Swiss Confederation To Third Countries (Controller To Processor Transfers)**

This Attachment forms part of the Clauses. The Swiss Confederation may complete or specify, according to their national procedures, any additional necessary information to be contained in this Attachment.

Data exporter: The data exporter is NCR (Schweiz) GmbH.

Below is sample text for services description & data overview; please customize all text below as applicable.

Data importer provides data processing services: The data importer will process personal data in connection with services provided under its agreement(s) with NCR. Such services consist of provision of products, parts, support, manufacturing services, and any other agreed upon services activity.

Data subjects: The personal data transferred may concern the following categories of data subjects:

- NCR employees;
- Personnel of NCR contractors and partners and prospective contractors and partners, including advisors, consultants, suppliers, contractors, subcontractors, resellers, distributors and agents;
- Customers and their employees, partners, advisors, consultants, suppliers, contractors, subcontractors, and agents;
- Complainants, correspondents, and enquirers.

Categories of data: The data subjects' personal data transferred concern the following categories of data:

- **Demographic Data:** legal name, preferred name, title, photograph, location, function, region, address details, contact information (phone, email, address); job profile, department, level, employing company, reporting structure, region of responsibility, function, employee type, organizational charts, employee Quicklook ID, employee global ID;;
-

– **Special categories of data (if appropriate): NONE**

Purposes of the transfer(s): The transfers are made for the following purposes:

- To facilitate the efficient operation of NCR Corporation group's business;
- To gain operational visibility, efficiency, and accuracy, and ensure cost-effectiveness;
- To respond to requests from law enforcement or government authorities where necessary to comply with applicable law;
- To carry out operations re provision of products and services to NCR;
- To take actions to comply with applicable laws and international treaties where applicable.

Processing operations: The personal data transferred will be subject to the following processing activities:

- All operations with regard to personal data irrespective of the means applied and procedures, in particular the obtaining, collecting, recording, organising, storage, holding, use, amendment, adaptation, alteration, disclosure, dissemination or otherwise making available, aligning, combining, retrieval, consultation, archiving, transmission, blocking, erasing, or destruction of data, the operation and maintenance of systems, management and management reporting, financial reporting, risk management, compliance, legal and audit functions and shall include "processing" which shall have the meaning given to such term in the Directive.
- The personal data transferred are to be stored for periods as data exporter may instruct data importer from time to time, but in any case for no longer than relevant periods as required or permitted under applicable data protection and or other laws and regulations.
- The personal data may be hosted on a cloud services provider's IT systems in accordance with the terms hereof.

DATA EXPORTER:
NCR (Schweiz) GmbH

Signed _____

Name _____

Title _____

DATA IMPORTER:
Universal Global Scientific Industrial Co., Ltd

Signed _____

Name _____

Title _____

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Attachment 2 to the Standard Contractual Clauses for the Transfer of Personal Data From the Swiss Confederation To Third Countries (Controller To Processor Transfers)

This Attachment forms part of the Clauses.

Please See [Attachment 2](#) to [Appendix 1](#).

DATA EXPORTER:
NCR (Schweiz) GmbH

Signed _____

Name _____

Title _____

DATA IMPORTER:
Universal Global Scientific Industrial Co., Ltd

Signed _____

Name _____

Title _____

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APPENDIX 3: UNDERTAKINGS FOR DATA ORIGINATING IN ISRAEL

This Appendix 3 is part of the Supplier Data Privacy Exhibit (NCR as Controller) and must be accompanied by and signed with that Exhibit to be valid:

You hereby confirm and undertake the following with respect to Personal Information originating in Israel:

1. You will take adequate measures to ensure the privacy of the data subjects and will apply the following practices when Processing Personal Information:
 - (a) Personal Information shall be Processed in a legal and fair manner;
 - (b) Personal Information shall be Processed only for the purpose for which it was received;
 - (c) Personal Information shall be accurate and up to date;
 - (d) The right of inspection will be reserved to the data subject;
 - (e) Adequate security measures will be implemented to protect Personal Information in your databases and computer systems.
2. You will take appropriate organizational measures and implement appropriate procedures and policies to lawfully Process Personal Information and to protect it and the privacy of the data subjects as a whole, against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, including where the Processing involves the transmission of Personal Information over a network, and against all other unlawful forms of Processing.
3. You will maintain strict confidentiality of Personal Information and will not share any Personal Information with any person.

DATA EXPORTER:
NCR Global Ltd.

DATA IMPORTER:
Universal Global Scientific Industrial Co., Ltd

Signed _____

Signed _____

Name _____

Name _____

Title _____

Title _____

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APPENDIX 4: APPROVED SUB-PROCESSORS LIST

FOR SUPPLIER: Please complete below.

Name of Sub-Processor	NA
Country in which Sub-Processor is located	NA
Address of Sub-Processor	NA
Purpose of Sub-Processing	NA

Name of Sub-Processor	NA
Country in which Sub-Processor is located	NA
Address of Sub-Processor	NA
Purpose of Sub-Processing	NA

Name of Sub-Processor	NA
Country in which Sub-Processor is located	NA
Address of Sub-Processor	NA
Purpose of Sub-Processing	NA

Name of Sub-Processor	NA
Country in which Sub-Processor is located	NA
Address of Sub-Processor	NA
Purpose of Sub-Processing	NA

[end of Exhibit 4]

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EXHIBIT 3
MANUFACTURING LICENSE

This Manufacturing License Agreement (“MLA”) is entered into between NCR and Supplier.

WHEREAS NCR and Supplier have previously entered into a Master Hardware Supply Agreement effective *1st January 2017* (the “Agreement”).

NOW THEREFORE the parties agree as follows:

1.0 License

1.1 If the Agreement is terminated by NCR due to the Supplier’s material breach or if during the term of the Agreement, Supplier discontinues the manufacture of the Hardware, or is unable or unwilling to supply Hardware to NCR under the agreed terms and conditions, as forecasted and ordered by NCR, NCR may, at its sole option, invoke this MLA, the terms and conditions of which shall apply with immediate effect.

1.2 Upon the occurrence of one or more of the events described in Section 1.1, Supplier hereby grants to NCR a perpetual, non-exclusive, worldwide license to use, modify, copy, sell, distribute, manufacture or have manufactured by a third party the Hardware including all necessary or appropriate rights to use the Documentation (the “License”). In case of this situation, NCR shall ensure that said third party only use such Documentation for supply solely to NCR to support its customers.

2.0 Waiver

Licensor waives any and all intellectual property claims against NCR related to the Hardware on condition of above Article 1 of this Exhibit.

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EXHIBIT 4

DEVELOPMENT SERVICES

The terms and conditions of this Exhibit, effective [insert date] ("Effective Date") will apply to any product development services requested by NCR as a part of the foregoing Master Hardware Supply Agreement ("Agreement") dated [____], and shall supplement the terms and conditions of the Agreement. In the event of any inconsistency this Exhibit will prevail.

1. STATEMENT OF WORK

1.1 This Agreement will be implemented through one or more Statements of Work in a format as set forth on Appendix 1 to this Exhibit entered into from time to time by NCR and the Supplier for the provision of Work Product (as defined below) and related services. This Exhibit will prevail and take precedence over all terms and conditions that are preprinted, typed, stamped or handwritten on any quotation form, invoice, acknowledgment form, or purchase order utilized by either party in the transactions covered by this Exhibit.

1.2 Each Statement of Work specifies a development to be performed under this Exhibit and will be accompanied by a corresponding specific purchase order. Each Statement of Work shall become effective only when executed by both parties. Each Statement of Work entered into under this Exhibit shall be construed to incorporate the provisions of, and to be governed by, this Exhibit.

1.3 Supplier shall furnish services and develop for NCR the Work Product in accordance with the requirements and specifications set forth in the Statement of Work and by this reference made a part hereof, and NCR hereby retains Supplier to render said services during the term of this Exhibit.

1.4 The Work Product shall be developed and delivered to NCR in accordance with the Development Schedule set forth in the Statement of Work.

1.5 The term "Work Product," as used in this Agreement, except for Supplier's pre-existing intellectual property refers to all items in tangible and intangible form, including works of authorship, programs, derivative works, source code, object code, ideas, techniques, methods, processes, documentation and materials, that Supplier (including its employees, agents or subcontractors) creates, prepares or delivers to NCR, or otherwise produces, conceives, makes, proposes or develops, as a result of this Agreement or any Statement of Work issued hereunder to the extent that have been fully paid by NCR to Supplier, as well as all inventions and discoveries made in the course of creating, producing, conceiving, making, proposing, developing or preparing such items to the extent that the Parties have agreed and expressly set forth in applicable statement of work or addendum to this Agreement.

2. PROJECT MANAGEMENT / PROGRESS REPORTS

2.1 NCR will appoint an NCR Project Coordinator, as identified in a Statement of Work, who will provide NCR's requirements, serve as NCR's single point of contact with respect to interfacing with the Supplier, perform project reviews and determine the acceptability of the services and any Work Product that the Supplier furnishes hereunder. The Supplier will direct all communications to the NCR Project Coordinator. NCR may change its Project Coordinator upon written notice to the Supplier.

2.2 The Supplier will assign a Project Manager, as identified in a Statement of Work, who will regularly meet with NCR personnel on matters pertaining to a Statement of Work, and who will procure, manage and direct the Supplier's resources as requested by the NCR Project Coordinator and as defined in a Statement of Work. Supplier may change its Project Manager upon written notice to NCR.

2.3 The Supplier agrees to provide NCR with weekly progress meetings at a time mutually convenient to both parties, to demonstrate the status of the services being rendered hereunder. Such periodic review meetings will be for the purpose of:

- (i) Reviewing the progress of the services being performed by the Supplier.
- (ii) Discussing and resolving any problems occurring during the performance of services by the Supplier.
- (iii) Formulating, if necessary, details or services to be rendered after such meetings.

Additional regular face to face meetings will be held (frequency to be agreed) and extraordinarily if reasonably requested by either party.

2.4 During the course of any development, the Supplier shall collect project metrics to keep track of and manage the performance of any development. At the request of NCR, the Supplier shall be required to provide details of the metrics collated during the course of the development work undertaken pursuant to a Statement of Work in at least the following areas plus any other relevant areas defined by the NCR Project Co-ordinator and Supplier Project Manager:

- (i) Cost
- (ii) Quality e.g. defect tracking and size
- (iii) Schedule

The Supplier shall further be expected, at the request of NCR, to take part in a de-brief session with NCR at the end of any development work undertaken pursuant to a Statement of Work.

3. SUPPLIER WARRANTIES

3.1 The Supplier warrants and represents to NCR that:

- (a) in carrying out the services described in this Exhibit and all Statements of Work issued hereunder, that Supplier will utilize industry-standard technical practices, skills, procedures, care and judgment will be employed; the services will be performed in the most expeditious and economical manner consistent with the NCR's best interests; and the Supplier will at all times cooperate with NCR so as to further NCR's best interests;

(b) The Supplier will provide Work Product(s) that conform to the specifications contained in the relevant Statement of Work, and as otherwise mutually agreed upon between NCR and Supplier in writing;

(c) The Supplier will provide the services in a timely fashion per the schedule set forth in the applicable Statement of Work, as time is of the essence; However, the Supplier shall not be liable for any delay due to the negligence, breach or default of NCR or any sub-contractor designated by NCR.

(d) Other than for material supplied by NCR, that: (a) the Work Product will be the original work of the Supplier; (b) the Supplier possesses all necessary right, title and interest in the Work Product necessary for the Supplier to grant to NCR the rights and licenses stated in this Exhibit; (c) the Work Product does not infringe on any third party's copyright, trademark, trade secret or other intellectual property right; Notwithstanding foregoing said, the foresaid warranties shall not apply to Supplier's compliance with the specification and/or designs provided by NCR.

(e) The Supplier is under no obligation or restriction, nor will assume any, that would interfere or present a conflict of interest with the services performed hereunder;

(f) The Supplier has not and will not pay, offer or promise to pay, or authorize the payment directly or indirectly through any other person or firm, anything of value (in the form of compensation, gift, contribution, or otherwise) to (a) any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, for the purpose of inducing or rewarding any favorable action by the customer in any commercial transaction or in any governmental matter; or (b) any government official, political party or official of such party, or any candidate for political office, for the purpose of inducing or rewarding favorable action or the exercise of influence by such official, party or candidate in any commercial transaction or in any governmental matter. NCR has the right to audit Supplier from time to time to satisfy itself that no breach of the representation and warranty in this Section 3(f) has occurred. Supplier will cooperate fully in any audit conducted by or on behalf of NCR.

3.2 The Supplier will indemnify, defend and hold NCR, its successors and assigns, harmless from and against any and all claims, actions, liabilities, costs, damages, losses, expenses and causes of action (including costs of litigation and legal fees), which awarded by a final judgment: (a) resulting from a breach or alleged breach of [*****], or (b) for personal injury, including death, and damage to property arising out of or resulting from [*****].

4. OWNERSHIP

The Work Product, the associated design right and any registered design rights, and any portion thereof completed prior to termination of the applicable Statement of Work, this Exhibit, or any renewal thereof, shall be the sole property of NCR. In addition the supplier does hereby assign all copyright in associated drawings or other artistic works as well as the copyright in all associated literary works to NCR. The Supplier shall promptly disclose and does hereby assign to NCR, its successors and assigns, any and all inventions, creations, improvements and developments, each whether or not patentable, which it may make or assist in

making while performing the work called for under the terms of this Exhibit, or any renewal thereof. In addition the Supplier hereby assigns to NCR, its successors and assigns, all patents, applications for patents, and copyrights for such inventions, creations, improvements, and developments in any foreign country. To the extent that any pre-existing materials are contained in the Work Product, Contractor grants NCR an irrevocable, worldwide, nonexclusive, paid-up, royalty-free right and licence to use, execute, reproduce, perform, display, distribute, modify and prepare derivative works of such pre-existing material and derivative works, as well as to authorize others to do any or all of the above. The Supplier agrees to do, and to instruct employees as necessary to do, any and all acts and to execute any and all instruments, which NCR may request to secure to itself any rights relating to such inventions, creations, improvements, developments, patents, design rights, registered design rights and copyrights in the USA and in any foreign country.

5. PAYMENT

5.1 NCR shall pay to the Supplier the Development Fee specified in, and in accordance with the payment schedule set forth in the Statement of Work. The Development Fee shall be full payment for services rendered under this Exhibit, unless otherwise set forth herein. Any payment made by NCR shall be used exclusively by the Supplier to satisfy its fees and expenses incurred in performing work under this Exhibit. NCR shall make payment to the Supplier per the terms in the Purchasing Agreement. However, if NCR is in default over payments of amounts properly due to Supplier, Supplier may suspend performance of any related Statement of Work subject to Supplier giving NCR not less than 7 working days' notice of such intention.

5.2 All computer time and materials necessary for development of the Work Product shall be arranged for by the Supplier at its own expense.

5.3 Travel and other living expenses incurred by the Supplier during the term of this Exhibit shall be borne by the Supplier and not charged to NCR unless otherwise set forth herein. To the extent that NCR has expressly agreed in a Statement of Work to reimburse the Supplier for travel-related expenses, such expenses must be: (a) incurred by the Supplier as a sole result of rendering services hereunder, (b) approved in advance by NCR in writing, and (c) incurred in accordance with NCR's then-current travel policies, a copy of which will be provided to the Supplier upon request.

5.4 The Supplier's services and Work Product will be subject to review and acceptance by the NCR Project Coordinator based on the requirements of this Exhibit and the applicable Statement of Work, and final payment will not be due before such acceptance, which will not be unreasonably withheld. The Supplier will correct deficiencies found during such review at no charge to NCR. Any claims that NCR may have under this Exhibit will survive such review, acceptance and payment.

6. TERMINATION

6.1 This Exhibit commences on the Effective Date and continues unless a party terminates the Agreement or this Exhibit in accordance with this Section 6; provided, however, that this Exhibit will remain in effect with regard to any Statement of Work(s) already in effect, unless such Statement of Work(s) is terminated as provided for herein or until performance is completed.

6.2 NCR may terminate this Exhibit and/or any Statement of Work, in whole or in part, (i) without cause and in its sole discretion by providing Supplier with sixty (60) days prior written notice; (ii) immediately for Supplier's breach of Section 3(f) without liability to NCR.

6.3 Either party may terminate any Statement of Work (or any portions thereof) and/or this Exhibit for breach if, after providing the other party with thirty (30) days prior written notice of such breach, the other party has failed to cure within said thirty day period or other mutually agreed upon time.

6.4 Should either party become the subject of any proceeding under state or federal law for due relief of debtors or otherwise become insolvent or bankrupt or make an assignment for the benefit of creditors, the other party may, in addition to any other right or remedy, immediately terminate this Exhibit without liability. Termination of this Exhibit will be deemed effective upon default party receipt of written notice from non-default party.

6.5 In the event NCR terminates a Statement of Work, Supplier will comply with all written NCR instructions pertaining to the terminated Statement of Work. Should NCR terminate a Statement of Work in accordance with either Section 6.2 or 6.4, NCR's obligation pursuant to that Statement of Work, and Supplier's exclusive remedy, will be limited to NCR paying Supplier (in accordance with the payment schedule specified in the terminated Statement of Work) for work performed and not yet paid for by NCR at the time of such termination. NCR will make such payment within 30 days after the termination notice or in NCR's written instructions to Supplier. Supplier will have no further Liability to NCR following delivery of such Work Product.

6.6 Payments which may have been made by NCR to Supplier in advance, which are in excess of amounts due Supplier in accordance with this Section 6, will be refunded on a pro rata basis by Supplier to NCR within thirty (30) days following the effective date of termination to the NCR Project Manager specified in the affected Statement of Work. Supplier will have no further Liability to NCR following such refund.

6.7 Any property, including hardware or software, that was provided by NCR to Supplier without obligation of payment by Supplier will be immediately returned to the NCR Project Manager specified in the affected Statement of Work in the same condition that such property was received, less normal wear and tear, after Supplier received fully payment made by NCR subject to section 5 of this Exhibit .

6.8 Sections 3, 4, and 6 of this Exhibit will survive the termination or expiration of this Exhibit or any Statement of Work.

AGREED AND ACCEPTED

THE SUPPLIER

NCR

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

NCR Confidential

**STATEMENT OF WORK NO. [_____]
TO DEVELOPMENT SERVICES EXHIBIT TO
PURCHASE AGREEMENT**

This Statement of Work dated [_____] , by and between NCR Global Solutions Limited ("NCR") and [_____] ("the Supplier"), is governed exclusively by the terms and conditions of the Purchase Agreement and the Development Services Exhibit ("Agreement") dated [_____] between the parties. In the event of conflict, the order of precedence will be: this Statement of Work, the Exhibit, and then the Purchase Agreement. NCR and the Supplier agree as follows:

1. PROJECT SCOPE

The Supplier will provide the following development services and Work Product :

[the scope should reference back to the particular Specification, e.g. 445-num rev title and date]

In addition, the Supplier will provide NCR with weekly / monthly [Delete as appropriate] written project statements outlining progress towards milestones, key metrics, risks and issues, to keep NCR informed about the Supplier’s progress. The Supplier shall also invoice NCR for any payment that may be due in accordance with a Statement of Work.

The Supplier will provide its services at the NCR facility located at [_____].

2. DEVELOPMENT SCHEDULE

Table with 3 columns: Activity, Deliverable Date, Cost (£). Includes a Total Amount Payable row.

2.1 Project Schedule Tracking

The development project will be tracked using the milestones detailed in this Section 2.0, unless otherwise agreed between the parties. The Supplier shall provide NCR with periodic updates as follows:

- The detailed milestone schedule and MS Project Plan (*.MPP) schedule file to be updated every two weeks by the Supplier.

2.2 Project Updates

2.3 Meetings

In addition to normal, day-to-day communication, regular Project Update Meetings will be held:

[Specify frequency, whether face to face or teleconference and expected duration]

The NCR Project Manager will issue minutes of the Project Updates. The minutes are to be distributed a maximum of five (5) working days from the meeting / telephone call and will include: attendee list, status of previously opened items, list of new items including person(s) responsible for resolution, and summary of the project's overall status. Other items will be added as appropriate.

[OR

“The Developer’s Project Manager will issue minutes of the Project Updates. The minutes are to be distributed a maximum of 5 working days from the meeting / telephone call and will include: attendee list, status of previously opened items, list of new items including person(s) responsible for resolution, and summary of the project's overall status. Other items will be added as appropriate. NCR will be required to mutually agree these minutes”]

Other meetings, correspondence, etc. will occur as necessary. The Project Update Meeting is not intended to eliminate or replace any other forms of communication between the Parties.

2.4 Status Reports

The Supplier will provide NCR with a weekly status report outlining progress toward milestones, key metrics, and key risks and issues. It is recommended that an abridged version of the current NCR Project Control Document is used as the basis for these status reports.

2.5 Audit

NCR may conduct audits of the Suppliers development activity and Deliverables relating to this Statement of Work. These audits may be conducted at the Supplier’s office or by remote means.

3. PERSONNEL

NCR and the Supplier will appoint representatives to the following positions:

3.1 NCR Project Coordinator

NCR designates [_____] as NCR Project Coordinator.

3.2 The Supplier Project Manager

The Supplier designates [_____] as Project Manager.

The primary interfaces between NCR and the Supplier shall be between NCR Project Coordinator and the Supplier Project Manager.

4. DELIVERABLES

The Supplier will provide the following specified Work Product and Deliverables:

- **[this must clearly list and describe everything NCR needs to evidence the intellectual property, including e.g., schematics, test reports and specifications, prototypes, drawings, bill of materials and AVL, source code, documentation, user or service manuals.]**

5. ACCEPTANCE PROCESS

6. CHANGE CONTROL

In the event of any change in requirements, the Supplier and NCR shall enter into negotiations to agree upon changes in cost and schedule. An amendment to this Statement of Work shall be constructed for this purpose and shall be effective only when signed by authorized representatives of each party.

7. PAYMENT AND PAYMENT SCHEDULE

NCR shall pay to the Supplier, as compensation for the services and all Work Products provided hereunder, a total amount of [_____] Pounds Sterling (£ [_____]) (the "Development Fee").

The Development Fee will be payable in accordance with the following schedule:

Event or DateAmount

-
-
-

Total Amount Payable £

Each party acknowledges that it has read the Agreement and this Statement of Work (including all referenced exhibits and attachments hereto, if any), and agrees that it is the complete and exclusive understanding between the parties with respect to the Service to be provided hereunder.

IN WITNESS WHEREOF, the parties have executed this Statement of Work as of the day and year first above written.

AGREED AND ACCEPTED

THE SUPPLIER

NCR

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date



NCR Corporation
2018 Director Restricted Stock Unit Grant Statement

Name of Grantee	Grant Date	No. of Restricted Stock Units
	April 25, 2018	

You have been awarded the above number of NCR Corporation (“NCR”) **Time-Based Restricted Stock Units** (the “Stock Units”) under the NCR Corporation 2017 Stock Incentive Plan (the “Plan”), subject to the terms and conditions of this 2018 Director Restricted Stock Unit Grant Statement (this “Statement”), the Plan and the NCR Director Compensation Program (the "Program").

1. The Stock Units will vest during the one (1) year period beginning on the date upon which you were granted the Stock Units (the “Grant Date”), in four (4) equal quarterly installments commencing three (3) months after the Grant Date, provided that you continuously serve as a Director of NCR through each quarterly vesting date. Notwithstanding the foregoing, if the Grant Date of your Stock Units is the date of an Annual Meeting of Stockholders, then, the fourth quarterly vesting will occur only if you continue to serve as a Director through the earlier of (a) the next Annual Meeting of Stockholders following the Grant Date, or (b) the first (1st) anniversary of the Grant Date.
2. The Stock Units will become fully vested in the event of your death should that occur while you are serving as a Director of NCR at any time prior to the one (1) year anniversary of the Grant Date.
3. The vesting schedule will accelerate and the Stock Units will become fully vested if (1) a Change in Control (as defined in Section 10(b) of the Plan) occurs, and (2) you cease to serve as a Director of NCR within twenty-four (24) months of the effective date of the Change in Control for any reason other than your willful illegal conduct or your gross misconduct, as determined by the affirmative vote of a majority of the entire membership of the Board of Directors of NCR. In the event that Stock Units become vested due to your cessation of service as a Director of NCR pursuant to this Section 3, to the extent required to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), such Stock Units shall be paid upon your "separation from service" within the meaning of Section 409A of the Code; provided, however, that if you are a "specified employee" as determined under NCR's policy for determining specified employees on the date of separation from service, such Stock Units shall be paid, to the extent required to comply with Section 409A of the Code, on the first business

day after the date that is six months following your "separation from service" within the meaning of Section 409A of the Code.

4. Except as otherwise provided pursuant to (1) a deferral election in effect under Article IV of the Program or (2) Section 3 of this Statement, when vested the Stock Units will be paid to you in shares of NCR common stock, such that one Stock Unit equals one share of NCR common stock.
5. Any cash dividends declared before the vesting dates on the shares underlying the Stock Units will not be paid currently, but will be converted to additional Stock Units, based on the fair market value of NCR common stock on the date the dividend is declared. Any Stock Units resulting from such conversion will be considered Stock Units for purposes of this Statement and will be subject to all of the terms, conditions and restrictions set forth herein.
6. You may designate one or more beneficiaries to receive all or part of any shares underlying the Stock Units to be distributed in case of your death, and you may change or revoke such designation at any time. In the event of your death, any shares underlying the Stock Units distributable hereunder that are subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Statement. Any other shares underlying the Stock Units not designated by you will be distributable to your estate. If there shall be any question as to the legal right of any beneficiary to receive a distribution hereunder, the shares underlying the Stock Units in question may be transferred to your estate, in which event NCR will have no further liability to anyone with respect to such shares.
7. The terms of this award of Stock Units as evidenced by this Statement may be amended by the NCR Board of Directors or the Compensation and Human Resource Committee of the NCR Board of Directors, provided that no such amendment shall impair your rights hereunder without your consent.
8. In the event of a conflict between the terms and conditions of this Statement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail.

[END OF AGREEMENT]

April 27, 2018

Mr. Michael D. Hayford

Dear Michael,

We are pleased to present you with this offer of employment at NCR. On behalf of NCR and our Board of Directors, we look forward to you joining us.

Employer (Legal Entity):

NCR Corporation (“NCR” or the “Company”)

Position; Reporting; Board Service:

President and Chief Executive Officer of NCR, reporting to the Board of Directors of NCR. Upon joining NCR you will be appointed as a member of the Board of Directors of NCR. You agree to devote substantially all of your attention and time during normal business hours to the business and affairs of NCR. You may serve on not more than one outside public board of directors during your employment with NCR.

Office Location:

Atlanta, Georgia Office

Start Date:

Your employment with NCR will commence on April 30, 2018.

Base Salary:

Your annual base salary will be not less than US\$1,000,000 commencing on your start date. We operate our payroll on a bi-weekly pay schedule where you will be paid two weeks’ salary five days following the close of each pay cycle. Your annual base salary will be reviewed from time to time by the Board of Directors to determine appropriate increases, if any.

Management Incentive Plan:

Effective upon your start date you will participate in NCR's Management Incentive Plan ("MIP"), subject to the terms of the MIP. The MIP is an annual bonus program with a payout that varies based on NCR's results, your organization's results, and your individual performance; it is payable in the first calendar quarter following the plan year.

Your MIP target incentive opportunity will be not less than 150% of your annual base salary (with a maximum potential payout equal to 2 times your target incentive opportunity), where the payout will be based on performance goals established by the Compensation and Human Resources Committee (the "Committee") of the NCR Board of Directors. Your MIP payout for the 2018 plan year will be no less than target, subject to pro-ration for the short service year, and will be payable to you in March 2019. Please note that the MIP guidelines are subject to change from time to time, which will be determined at the discretion of the Committee. You must be employed by NCR at the time of payment in order to be eligible to receive any bonus or incentive payout from NCR.

Long Term Incentive ("LTI") Equity Awards:

Subject to your acceptance of this offer by execution of this letter agreement, the Committee will grant to you the following equity awards effective May 1, 2018:

- an option to purchase NCR shares with a grant date value equal to US\$2,500,000, vesting in equal annual installments over four years (subject to your employment with NCR through the applicable vesting date), having a seven-year term and a strike price equal to the closing price of NCR shares on the grant date, and such other terms as set forth in NCR's form of option award agreement ("Sign-On Option");
- an option to purchase NCR shares with a grant date value equal to US\$5,000,000, vesting in equal annual installments over four years (subject to your employment with NCR through the applicable vesting date), having a seven-year term and a strike price equal to the closing price of NCR shares on the grant date, and such other terms as set forth in NCR's form of option award agreement ("2018 Option"); and
- restricted stock units corresponding to NCR shares with a grant date value equal to US\$5,000,000, vesting in equal installments over three years, subject to your employment with

NCR through the applicable vesting dates and such other terms as set forth in NCR's form of restricted stock unit award agreement ("2018 RSU");

You must electronically accept the award agreement associated with the award in order to be eligible to receive its benefits. Upon a termination of employment without Cause or for Good Reason (each as defined below), (x) the unvested portion of each of the Sign-On Option, the 2018 Option and the 2018 RSU immediately shall vest and (y) the Sign-On Option and the 2018 Option will remain exercisable until the earlier of the first anniversary of the date that your employment terminates and the option expiration date. Solely for purposes of the immediately preceding sentence:

- "Cause" means (1) your conviction for committing a felony under U.S. federal law or the law of the state or country in which such action occurred, (2) your willful and continued failure to perform substantially your duties with NCR or any of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness) for a period of at least thirty (30) days after a written demand for substantial performance is delivered to you by the NCR Board of Directors, specifically identifying the manner in which the NCR Board of Directors believes that you have not substantially performed your duties; (3) your willful engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to NCR or (4) your material violation of NCR's Code of Conduct. For purposes of this provision, no act or failure to act, on your part, shall be considered "willful" unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.
- "Good Reason" means any of the following events without your prior written consent: (1) the assignment to you of any duties inconsistent in any respect with your position (including offices, titles and reporting requirements), authority, duties or responsibilities or any other diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by NCR promptly after receipt of notice thereof given by you; (2) NCR requiring you to be based at any office or location that is more than forty (40) miles distant from the location of your principal place of employment; or (3) a material breach of this letter agreement or the grant agreements with respect to the Sign-On Option, the 2018 Option or the 2018 RSU; *provided, however*, that your termination of employment shall not be deemed to be for Good Reason unless (x) you have notified NCR in writing describing the occurrence of one or

more Good Reason events within ninety (90) days of such occurrence, (y) NCR fails to cure such Good Reason event within thirty (30) days after its receipt of such written notice and (z) the termination of employment occurs within 180 days after the occurrence of the applicable Good Reason event.

Effective for 2019 and beyond you will also be eligible to participate in NCR's Annual LTI Equity Award Program that typically occurs in February each year with a minimum grant date value in each of 2019 and 2020 of \$10,000,000 comprised of awards of the same type and in the same proportion as are awarded to other senior executives of NCR; *provided, however*, that in the event that you satisfy the performance goal set forth in Appendix A to this Agreement, the minimum grant date value of your 2019 annual equity award will be \$12,500,000.

You must be a current employee of NCR on the applicable grant date in order to be eligible to receive any NCR LTI equity award. Other award terms are set forth in the plan governing these awards, and you must electronically accept the award agreement each time one is made in order to be eligible to receive its benefits.

Special Incentive Awards

The NCR Board of Directors will consider one time incentive grants for special initiatives; *e.g.*, a synergy bonus plan for acquisitions, under appropriate circumstances.

Executive Severance Benefits:

You will participate in NCR's Executive Severance Plan and Change-in-Control Severance Plan with a "Tier I" benefit level in accordance with their applicable terms; *provided, however*, that for purposes of the Executive Severance Plan, "Cash Severance" shall equal the sum of 1.5 times your base salary plus your target bonus.

Employee Benefits:

You will be eligible for employee benefits on the terms generally provided by NCR to its senior executives from time to time, including NCR's annual Executive Medical Exam Program and annual Executive Financial Planning Program. Each of these programs is subject to amendment or termination by the Committee. You will have access to NCR's planes for business use and for up to 100 hours of personal use per year. In the event NCR sells its aircraft, you will have access to private air travel through Net Jets or equivalent.

Executive Relocation Program:

You will be eligible for NCR’s Executive Relocation Program, which includes the benefits outlined on the attached “Relocation Plan Summary document.”

Vacation/Holidays:

You will be entitled to receive paid vacation days and holidays in accordance with NCR’s standard vacation policy. Eligible vacation is based on grade level or years of NCR service, whichever provides the greater benefit.

Legal Expenses:

The Company will reimburse you for up to US\$10,000 of reasonable, documented legal fees you incur in connection with your review and acceptance of the Company’s terms and conditions of employment.

Other Terms and Conditions of Employment:

Your offer of employment described in this letter agreement is contingent upon your acceptance of the terms and conditions of employment outlined in this letter agreement (and Appendix B), and your passing of a drug screen and background check. In addition, this offer is contingent upon your agreement to certain restrictive covenants concerning non-competition, non-customer-solicitation and non-recruitment/hiring, where such provisions are enforceable by law. These covenants are set out in the NCR Corporation Employment Terms & Conditions included in your offer package, which you must also sign.

This letter agreement supersedes and completely replaces any prior oral or written communication concerning the subject matters addressed in this letter. This letter agreement should not be construed or interpreted as containing any guarantee of continued employment or employment for a specific term.

* * * * *

Mike, we are very excited about the contributions, experience and knowledge you can bring to NCR.

Sincerely,

NCR Corporation

By: /s/ Edward Gallagher

Name: Edward Gallagher

Title: SVP, General Counsel
and Secretary

Accepting this Offer of Employment:

By accepting and signing NCR's offer of employment you certify to NCR that you are not subject to a non-competition agreement with any company or to any other post-employment restrictive covenants that would preclude or restrict you from performing the NCR position being offered in this letter. We also advise you of NCR's strong policy of respecting the intellectual property rights of other companies. You should not bring with you to your NCR position any documents or materials designated as confidential, proprietary or trade secret by another company, nor in any other way disclose trade secret information while employed by NCR.

You further acknowledge that this letter agreement, Appendix B and the NCR Corporation Employment Terms & Conditions reflect the general description of the terms and conditions of your employment with NCR. The employment relationship with NCR is by mutual consent ("Employment at Will"). This means either you or NCR have the right to discontinue the employment relationship with or without cause at any time and for any reason.

You acknowledge that you have read the foregoing information relative to NCR's conditions of employment and understand that your employment offer is conditioned upon their satisfaction.

Acknowledged and Agreed:

Michael D. Hayford

/s/ Michael D. Hayford

Date: April 27, 2018

April 27, 2018

Mr. Frank Martire

Dear Frank,

We are pleased to present you with this offer of employment at NCR. On behalf of NCR and our Board of Directors, we look forward to you joining us.

Employer (Legal Entity):

NCR Corporation (“NCR” or the “Company”)

Position; Reporting; Board Service:

Executive Chairman of the Board of Directors of NCR, reporting to the Board of Directors of NCR. Upon joining NCR you will be appointed as a member of the Board of Directors of NCR. You agree to devote not less than 60% of your attention and time during normal business hours to the business and affairs of NCR.

Start Date:

Your employment with NCR will commence on May 31, 2018.

Base Salary:

For so long as you serve as Executive Chairman, your annual base salary will be not less than US\$750,000 commencing on your start date. We operate our payroll on a bi-weekly pay schedule where you will be paid two weeks’ salary five days following the close of each pay cycle. Your annual base salary will be reviewed from time to time by the Board of Directors to determine appropriate increases, if any.

Management Incentive Plan:

For so long as you serve as Executive Chairman, you will participate in NCR’s Management Incentive Plan (“MIP”), subject to the terms of the MIP. The MIP is an annual bonus program with

a payout that varies based on NCR's results, your organization's results, and your individual performance; it is payable in the first calendar quarter following the plan year.

For so long as you serve as Executive Chairman, your MIP target incentive opportunity will be not less than 150% of your annual base salary (with a maximum potential payout equal to 2 times your target incentive opportunity), where the payout will be based on performance goals established by the Compensation and Human Resources Committee (the "Committee") of the NCR Board of Directors. Your MIP payout for the 2018 plan year will be no less than target, subject to pro-ratio for the short service year, and will be payable to you in March 2019. Please note that the MIP guidelines are subject to change from time to time, which will be determined at the discretion of the Committee. You must be employed by NCR at the time of payment in order to be eligible to receive any bonus or incentive payout from NCR.

Long Term Incentive ("LTI") Equity Awards:

Subject to your acceptance of this offer by execution of this letter agreement, the Committee will grant to you the following equity awards effective June 1, 2018:

- an option to purchase NCR shares with a grant date value equal to US\$1,500,000, vesting in equal annual installments over four years (subject to your employment with, or service as a director of, NCR through the applicable vesting date), having a seven-year term and a strike price equal to the closing price of NCR shares on the grant date, and such other terms as set forth in NCR's form of option award agreement ("Sign-On Option");
- an option to purchase NCR shares with a grant date value equal to US\$2,250,000, vesting in equal annual installments over four years (subject to your employment with, or service as a director of, NCR through the applicable vesting date), having a seven-year term and a strike price equal to the closing price of NCR shares on the grant date, and such other terms as set forth in NCR's form of option award agreement ("2018 Option"); and
- restricted stock units corresponding to NCR shares with a grant date value equal to US\$2,250,000, vesting in equal installments over three years, subject to your employment with, or service as a director of, NCR through the applicable vesting dates and such other terms as set forth in NCR's form of restricted stock unit award agreement ("2018 RSU").

You must electronically accept the award agreement associated with the award in order to be eligible to receive its benefits. Upon a termination of employment or service without Cause or for Good

Reason (each as defined below), (x) the unvested portion of each of the Sign-On Option, the 2018 Option and the 2018 RSU immediately shall vest and (y) the Sign-On Option and the 2018 Option will remain exercisable until the earlier of the first anniversary of the date that your employment terminates and the option expiration date. Solely for purposes of the immediately preceding sentence:

- “Cause” means (1) your conviction for committing a felony under U.S. federal law or the law of the state or country in which such action occurred, (2) your willful and continued failure to perform substantially your duties with NCR or any of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness) for a period of at least thirty (30) days after a written demand for substantial performance is delivered to you by the NCR Board of Directors, specifically identifying the manner in which the NCR Board of Directors believes that you have not substantially performed your duties; (3) your willful engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to NCR or (4) your material violation of NCR’s Code of Conduct. For purposes of this provision, no act or failure to act, on your part, shall be considered “willful” unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.
- “Good Reason” means any of the following events without your prior written consent: (1) the assignment to you of any duties inconsistent in any respect with your position (including offices, titles and reporting requirements), authority, duties or responsibilities or any other diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by NCR promptly after receipt of notice thereof given by you; (2) the NCR Board of Directors fails to nominate you for reelection to the NCR Board of Directors (other than as a result of your prior death, disability, termination for Cause or voluntary termination without Good Reason) or (3) a material breach of this letter agreement or the grant agreements with respect to the Sign-On Option, the 2018 Option or the 2018 RSU; *provided, however*, that following May 31, 2020 you shall not have the right to terminate your employment or service for Good Reason pursuant to clause (1) (I) as a result of your ceasing to serve as Executive Chairman of the Board of Directors of NCR so long as you continue to serve as Chairman of the Board of Directors of NCR or (II) as a result of your ceasing to serve as Chairman of the Board of NCR so long as you continue to serve as a director of NCR and *provided further* that your

termination of employment shall not be deemed to be for Good Reason unless (x) you have notified NCR in writing describing the occurrence of one or more Good Reason events within ninety (90) days of such occurrence, (y) NCR fails to cure such Good Reason event within thirty (30) days after its receipt of such written notice and (z) the termination of employment occurs within 180 days after the occurrence of the applicable Good Reason event.

Effective for 2019 and beyond, for so long as you serve as Executive Chairman, you will also be eligible to participate in NCR's Annual LTI Equity Award Program that typically occurs in February each year with a minimum grant date value in each of 2019 and 2020 of \$4,500,000 comprised of awards of the same type and in the same proportion as are awarded to other senior executives of NCR; *provided, however*, that in the event that you satisfy the performance goal set forth in Appendix A to this Agreement, the minimum grant date value of your 2019 annual equity award will be \$6,000,000.

You must be a current employee of NCR on the applicable grant date in order to be eligible to receive any NCR LTI equity award. Other award terms are set forth in the plan governing these awards, and you must electronically accept the award agreement each time one is made in order to be eligible to receive its benefits.

Special Incentive Awards

For so long as you serve as Executive Chairman, the NCR Board of Directors will consider one time incentive grants for special initiatives; *e.g.*, a synergy bonus plan for acquisitions, under appropriate circumstances.

Executive Severance Benefits:

Until the 2020 Annual Meeting of NCR Stockholders, you will participate in NCR's Executive Severance Plan and Change-in-Control Severance Plan (together, the "Severance Plans") with a "Tier I" benefit level in accordance with their applicable terms; *provided, however*, that for purposes of the Executive Severance Plan, "Cash Severance" shall equal the sum of 1.5 times your base salary plus your target bonus. For the avoidance of doubt, following the 2020 Annual Meeting of Stockholders, you will no longer participate in the Severance Plans and will cease to have rights thereunder.

Employee Benefits:

For so long as you serve as Executive Chairman, you will be eligible for employee benefits on the terms generally provided by NCR to its senior executives from time to time, including NCR's annual Executive Medical Exam Program and annual Executive Financial Planning Program. Each of these programs is subject to amendment or termination by the Committee. For so long as you serve as Executive Chairman, you will have access to NCR's planes for business use and for up to 100 hours of personal use per year. In the event NCR sells its aircraft, for so long as you serve as Executive Chairman, you will have access to private air travel through Net Jets or equivalent.

Vacation/Holidays:

For so long as you serve as Executive Chairman, you will be entitled to receive paid vacation days and holidays in accordance with NCR's standard vacation policy. Eligible vacation is based on grade level or years of NCR service, whichever provides the greater benefit.

Legal Expenses:

The Company will reimburse you for up to US\$10,000 of reasonable, documented legal fees you incur in connection with your review and acceptance of the Company's terms and conditions of employment.

Other Terms and Conditions of Employment:

Your offer of employment described in this letter agreement is contingent upon your acceptance of the terms and conditions of employment outlined in this letter agreement (and Appendix B), and your passing of a drug screen and background check. In addition, this offer is contingent upon your agreement to certain restrictive covenants concerning non-competition, non-customer-solicitation and non-recruitment/hiring, where such provisions are enforceable by law. These covenants are set out in the NCR Corporation Employment Terms & Conditions included in your offer package, which you must also sign.

This letter agreement supersedes and completely replaces any prior oral or written communication concerning the subject matters addressed in this letter. This letter agreement should not be construed or interpreted as containing any guarantee of continued employment or employment for a specific term.

* * * * *

Frank, we are very excited about the contributions, experience and knowledge you can bring to NCR.

Sincerely,

NCR Corporation

By: /s/ Edward Gallagher

Name: Edward Gallagher

Title: SVP, General Counsel

and Secretary

Accepting this Offer of Employment:

By accepting and signing NCR's offer of employment you certify to NCR that you are not subject to a non-competition agreement with any company or to any other post-employment restrictive covenants that would preclude or restrict you from performing the NCR position being offered in this letter. We also advise you of NCR's strong policy of respecting the intellectual property rights of other companies. You should not bring with you to your NCR position any documents or materials designated as confidential, proprietary or trade secret by another company, nor in any other way disclose trade secret information while employed by NCR.

You further acknowledge that this letter agreement, Appendix B and the NCR Corporation Employment Terms & Conditions reflect the general description of the terms and conditions of your employment with NCR. The employment relationship with NCR is by mutual consent ("Employment at Will"). This means either you or NCR have the right to discontinue the employment relationship with or without cause at any time and for any reason.

You acknowledge that you have read the foregoing information relative to NCR's conditions of employment and understand that your employment offer is conditioned upon their satisfaction.

Acknowledged and Agreed:

Frank Martire

/s/ Frank R. Martire

Date: 4/27/18

**NCR CORPORATION
864 SPRING STREET NW
ATLANTA, GA 30308**

April 30, 2018

Personal & Confidential

Mr. William R. Nuti
c/o NCR Corporation
864 Spring Street NW
Atlanta, GA 30308

Dear Bill,

- (1) This letter agreement (“4/30/18 Letter Agreement”) confirms that your employment with NCR Corporation (“NCR”) will end effective as of 4/30/18 (the “Separation Date”) and your departure will constitute a termination due to disability. In connection with your termination due to disability, you hereby resign, effective as of the Separation Date, from all positions you hold with NCR, including each of its subsidiaries and affiliates, and the Board of Directors of NCR, and agree to execute such documents as NCR shall reasonably request to evidence the same. At the next regular payroll date following your Separation Date, NCR will pay you for any earned but unpaid base salary. NCR will pay you accrued vacation and unreimbursed expenses in accordance with NCR policies.
- (2) Subject to you (x) signing this 4/30/18 Letter Agreement, (y) executing the release attached hereto as Exhibit A (the “Release”) following, but not later than the sixtieth day following, the Separation Date, and (z) not revoking such Release in accordance with its terms following its execution and delivery, (a) your outstanding, unvested equity awards granted prior to calendar year 2018 and set forth on Exhibit B hereto shall vest and be settled in accordance with their terms, and (b) your outstanding balance under the NCR Corporation 2011 Economic Profit Plan shall vest and shall be paid out in accordance with its terms as a Disability termination. Except as otherwise provided in this Section 2 and Section 3 of this 4/30/18 Letter Agreement, upon the termination of your employment, you shall forfeit all unvested NCR equity awards and you shall not be entitled to any other severance. Your vested options shall continue to be exercisable in accordance with their terms as provided for in the case of a disability termination. You shall retain your rights in all vested welfare (including long term disability) and pension plans and your rights to indemnification and director and officers liability insurance coverage.
- (3) NCR confirms its commitments to you pursuant to the Letter Agreement between you and NCR dated March 11, 2015 (the “3/11/15 Letter Agreement”) and further confirms that, should you

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predecease your spouse, your spouse shall have the right to the coverages described in the 3/11/15 Letter Agreement on substantially the same basis (at single coverage rates) as though you did not predecease your spouse.

- (4) You acknowledge and agree that, except as provided in the immediately succeeding sentence, the following sections of the 7/29/05 Letter Agreement shall remain in effect in accordance with their terms: “Non-Competition,” “Non-Solicitation/Non-Hire,” and “Confidentiality and Non-Disclosure,” (collectively, the “Restrictive Covenants”) and “Breach of Restrictive Covenants.” Notwithstanding anything to the contrary contained in the 7/29/05 Letter Agreement, for purposes of the “Non-Competition” section of the 7/29/05 Letter Agreement, “Competing Organization” means any organization listed on Exhibit C hereto, as well as any subsidiaries of such companies that become stand-alone companies as a result of a spin-off, IPO or similar restructuring transaction.
- (5) You shall be promptly appointed as Chairman Emeritus of NCR Corporation and you may thereafter serve as such at your election.
- (6) Following the Separation Date, you agree to provide consulting services to NCR on the following terms:
 - (a) *Term.* You shall render the Consulting Services (as defined below) to NCR, on the terms and conditions set forth in this Section 6, during the period beginning on the Separation Date and ending on the two-year anniversary of the Separation Date (the “Term”); provided, that the Term and the Consulting Services shall terminate prior to the two-year anniversary of the Separation Date (i) upon your death or physical or mental incapacity rendering you incapable of providing the Consulting Services; (ii) at the election of NCR, upon your material breach of your obligations under this Consulting Agreement; or (iii) by mutual consent of both parties.
 - (b) *Consulting Services.* You agree that during the Term you shall assist with the transition of your duties as Chief Executive Officer of NCR to your successor, including with respect to customer and employee relations, and in all events as reasonably requested by NCR (together, the “Consulting Services”). During the Term, you will be reasonably available for the purpose of rendering (and to the extent requested shall provide), for up to fifteen hours per calendar quarter during the first year of the Term and up to ten hours per calendar quarter during the second year of the Term. The parties recognize that your expected services after the Separation Date will be less than twenty percent (20%) of your average 36-month prior month service to NCR and you will, therefor, have a separation from service (within the meaning of Internal Revenue Code Section 409A) on the Separation Date.

- (c) *Consulting Fees.* The Company shall pay you at the rate of \$150,000 per year during the first year of the Term and at a rate of \$100,000 per year during the second year of the term, in monthly installments, payable on the first business day of each month during the Term. In addition, you will be entitled to reimbursement for all reasonable, documented expenses associated with the Consulting Services requested by NCR. The Company will have no obligation to pay the consulting fee following any termination of the Consulting Services.
- (d) *Independent Contractor.* You understand that your relationship with NCR during the Term shall be that of an independent contractor and during the Term you shall not be considered an employee of NCR for tax purposes or for any other purposes whatsoever. You specifically understand and agree that during the Term you will not be entitled to, nor be eligible to participate in, any benefits or privileges offered or given by NCR or any of its affiliates to their respective employees as a result of the relationship established by this Section 6. You agree that during the Term you will not be an agent of NCR or any of its affiliates, and that you will have no authority, implied or actual, to act on behalf of NCR or any of its affiliates or to enter into any agreement that would bind either NCR or any of its affiliates.
- (e) *Federal, State, and Local Taxes.* During the Term, federal, state, and local income tax and payroll tax of any kind in respect of the consulting fees contemplated by Section 6(c) shall not be withheld or paid by NCR on your behalf. You understand that you are responsible to pay income taxes in respect of the consulting fees according to law. If you are not a corporation, you further understand that you may be liable for self-employment (social security) tax to be paid by you according to law.
- (f) *Non-Assignability.* You may not assign this consulting agreement without the prior written permission of NCR. Any attempt to assign any rights, duties, or obligations that arise under this consulting agreement without such permission shall be void.
- (g) *Office.* You shall be entitled to office space and an administrative assistant at the Company's executive offices in New York, New York through the end of April 2019 so as to assist in your transition of your responsibilities and the providing of the Consulting Service.
- (7) Any controversy or claim arising out of or related to this 4/30/18 Letter Agreement shall be resolved by binding arbitration. The arbitration shall be pursuant to the then current rules of the American Arbitration Association and shall be held in New York City. The arbitration shall be held before a single arbitrator who is an attorney. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. Issues of arbitrability shall be determined in accordance with the U.S. federal substantive and procedural laws relating

to arbitration; in all other respects, this 4/30/18 Letter Agreement shall be governed by the laws of the State of Georgia in the United States, without regard to its conflict-of-laws principles. Each party shall bear its own attorney fees associated with the arbitration; other costs, and the expenses of the arbitration, shall be borne as provided by the rules of the American Arbitration Association.

- (8) Notwithstanding the preceding paragraph (7), in the event that you breach the Restrictive Covenants or Section (4) of this 4/30/18 Letter Agreement, you acknowledge that NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, in the event of such a breach NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief pending appointment of an arbitrator and completion of an arbitration, and in such instance shall not be required to post a bond.
- (9) The validity, interpretation, construction and performance of this 4/30/18 Letter Agreement shall in all respects be governed by the laws of Georgia, without reference to principles of conflict of law.
- (10) Except as provided in Section 6, the Company may withhold from any amount payable or benefit provided under this 4/30/18 Letter Agreement such Federal, state, local, foreign and other taxes as are required to be withheld pursuant to any applicable law or regulation.
- (11) This 4/30/18 Letter Agreement, the 3/11/15 Letter Agreement, the portions of the 7/29/05 Letter Agreement identified in Section 4 of this 4/30/18 Letter Agreement and the Release represent the entire agreement between the parties as to the subject matters herein and supersede all prior and contemporaneous understandings and agreements with respect thereto.
- (12) This 4/30/18 Letter Agreement may not be amended except by a writing signed by both parties. Waiver by a party of any breach of any provision of this 4/30/18 Letter Agreement by the other party shall not operate nor be construed as a waiver of any subsequent or other breach. No provision or breach of this 4/30/18 Letter Agreement may be waived except by a written instrument signed by the party waiving such provision or breach, which states that such party is waiving such provision or breach.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the undersigned parties have executed this 4/30/18 Letter Agreement, which includes a release.

NCR CORPORATION

By: /s/Edward Gallagher
Name: Edward Gallagher
Title: SVP, General Counsel and
Secretary

William R. Nuti

Voluntarily Agreed to and Accepted this
30th day of April 2018

 /s/ William R. Nuti

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[Signature Page to 4/30/18 Letter Agreement]

Form of
GENERAL RELEASE

1. In consideration of the payments and benefits to which William R. Nuti (the "Executive") is entitled from NCR Corporation pursuant to that certain letter agreement dated April 30, 2018 (the "Letter Agreement"), the Executive for himself, his heirs, administrators, representatives, executors, successors and assigns (collectively "Releasers") does hereby irrevocably and unconditionally release, acquit and forever discharge NCR Corporation (the "Company") and its subsidiaries, affiliates and divisions (the "Affiliated Entities") and their respective predecessors and successors and their respective, current and former, trustees, officers, directors, partners, shareholders, agents, employees, consultants, independent contractors and representatives, including without limitation all persons acting by, through, under or in concert with any of them (collectively, "Releasees"), and each of them from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, remedies, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs) of any nature whatsoever, known or unknown, whether in law or equity and whether arising under federal, state or local law and in particular including any claim for discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, or any other unlawful criterion or circumstance, relating to the Executive's employment or termination thereof, which the Executive and Releasers had, now have, or may have in the future against each or any of the Releasees, including but not limited to claims based on express or implied contract or corporate policies, covenants of good faith and fair dealing, wrongful discharge, claims under any federal, state, and local laws, regulations and ordinances, including but not limited to Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act and the Age Discrimination in Employment Act, the Employee Retirement Income Security Act ("ERISA"), the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, including all amendments to the foregoing statutes, claims for violation of public policy, damages in tort, or claims under the common law; and claims for any other compensation or damages or attorneys' fees, from the beginning of the world until the date hereof (the "Execution Date").

2. The Executive acknowledges that: (a) this entire agreement is written in a manner calculated to be understood by him and that he does understand it, that it contains a waiver of claims under the Age Discrimination in Employment Act and that it does not waive claims that may arise in the future; (b) he has been advised to consult with an attorney before executing this agreement; (c) he is entering into it knowingly, voluntarily and with full knowledge of its significance; (d) he was given a period of twenty-one days within which to consider this agreement; and (e) to the extent he executes this agreement before the expiration of the twenty one-day period, he does so knowingly and voluntarily and only after consulting his attorney. The Executive shall have the right to cancel and revoke this agreement during a period of seven days following the Execution Date, and this agreement shall not become effective, and no money shall be paid hereunder, until after the expiration of such seven-day period. The seven-day period of revocation shall commence upon the Execution Date. In order to revoke this agreement, the Executive shall deliver to NCR, prior to the expiration of said seven-day period, a written notice of revocation, addressed to NCR's General Counsel at 864 Spring Street NW, Atlanta GA 30308, with an electronic mail copy to edward.gallagher@ncr.com. Upon such revocation, this agreement shall be null and void and of no further force or effect.

3. Notwithstanding anything else herein to the contrary, this Release shall not affect: the obligations of NCR set forth in the Letter Agreement or other obligations that, in each case, by their terms, are to be performed after the date hereof (including, without limitation, obligations to Executive under any stock option, stock award or agreements or obligations under any pension plan or other benefit or deferred compensation plan, all of which shall remain in effect in accordance with their terms); obligations to indemnify the Executive respecting acts or omissions in connection with the Executive's service as a director, officer or employee of the Affiliated Entities; obligations with respect to insurance coverage under any of the Affiliated Entities' (or any of their respective successors) directors' and officers' liability insurance policies; or any right Executive may have to obtain contribution in the event of the entry of judgment against Executive as a result of any act or failure to act for which both Executive and any of the Affiliated Entities are jointly responsible.
4. This Agreement shall be construed, enforced and interpreted in accordance with and governed by the laws of the State of Georgia, without reference to its principles of conflict of laws.
5. It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability or the modification to conform with such laws or public policies of any provision hereof shall not render unenforceable or impair the remainder of the Agreement. Accordingly, if any provision shall be determined to be invalid or unenforceable either in whole or in part, this Agreement shall be deemed amended to delete or modify as necessary the invalid or unenforceable provisions to alter the balance of this Agreement in order to render the same valid and enforceable.
6. This Agreement may not be orally canceled, changed, modified or amended, and no cancellation, change, modification or amendment shall be effective or binding, unless in writing and signed by both parties to the Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement, which includes a release.

NCR CORPORATION

By: _____

Name: Edward Gallagher

Title: SVP, General Counsel and
Secretary

William R. Nuti

Voluntarily Agreed to and Accepted this day of
2018

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[Signature Page to Release]

Vesting of Outstanding Equity Awards

Award	Number of Shares Vesting
2016 RSU	17,822
2017 PVRSU	33,917
2015 PBRUS	229,766
2016 PBRUS	237,702
Vision 2020 RSU	669,792

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May 2, 2018

Personal & Confidential

Mr. Paul E. Langenbahn
1705 Rock Dove Circle
Colleyville, TX 76034

Dear Paul,

On behalf of NCR and our Board of Directors, I am very pleased to communicate your promotion to Executive Vice President and Chief Operating Officer (COO) at a very exciting time for NCR as we continue to strengthen and evolve our position as the Global Leader in Omni-Channel and Consumer Transaction Technology.

This Letter Agreement outlines the various compensation, benefits and other actions related to your promotion.

Employer (Legal Entity):

NCR Corporation (the "Company")

Position:

Executive Vice President and Chief Operating Officer, effective as of March 22, 2018.

Job Grade:

This position is a Grade 24

Reporting To:

Chief Executive Officer (CEO)

Business Unit:

NCR Chief Operating Officer (COO) Organization

Office Location:

Fort Worth, Texas (Trinity) Office. NCR will pay all expenses and costs associated with your travel to and from Texas to NCR's offices in accordance with the Company's then current expense reimbursement policy, which may change from time to time. To the extent that some or all of such reimbursements are deemed to be compensatory under IRS rules, you will be responsible for any taxes or other withholding associated with such compensation. NCR reserves the right to change the office location associated with this position.

Effective Date:

Your promotion and all related actions are effective as of March 22, 2018, unless noted otherwise.

Base Salary:

Your annual base salary will increase to US \$700,000 effective as of March 26, 2018.

Management Incentive Plan:

You will continue to participate in NCR's Management Incentive Plan ("MIP") subject to the terms of the Plan. The Plan is an annual bonus program with a payout that varies based on NCR's results, your organization's results, and your individual performance; it is payable in the first calendar quarter following the plan year.

Effective March 22, 2018, your MIP target incentive opportunity will increase to 115% of your annual base salary (with a maximum potential payout equal to 3 times your target incentive opportunity), where the payout will be based on your COO organization's achievement of its annual "Core Financial Measures" and certain MBOs that will be established for you each year.

You will also continue to participate in the Customer Success component of the MIP, representing a target incentive opportunity equal to 10% of your annual base salary (with a maximum potential payout equal to 10% of your annual base salary, which thus operates as a "make or miss" opportunity), where the payout will be linked to NCR's overall achievement of our annual Customer Loyalty goals.

Please note that the MIP and its guidelines are subject to change from time to time, which will be determined at the discretion of the Compensation and Human Resource Committee of the NCR Board of Directors (hereinafter, the "Committee"). You must be employed by NCR at the time of payment in order to be eligible to receive any bonus or incentive payout from NCR.

Long Term Incentive (LTI) Equity Awards:

Subject to your acceptance of this Letter Agreement and approval by the Committee, in connection with this promotion you will receive a Promotional LTI Equity Award with a total value equal to US \$1,500,000, to be delivered in the form of NCR's Performance-Vesting Restricted Stock Units (or PV-RSUs), where the payout will be determined based on a "make- or-miss" performance goal for the 2018 performance year as established by the Committee.

The effective date of your Promotional LTI Equity Award will be May 1, 2018 (the "Grant Date") and it will vest evenly over three (3) years, provided that the performance goal is achieved, such that one-third (1/3) of your earned Promotional LTI Equity Award will vest on each anniversary of the Grant Date. You

must electronically accept the award agreement associated with the award to receive its benefits. The equity award agreement contains terms and conditions with respect to vesting and other matters, and you should consult it to understand those terms; additional provisions that relate to your equity awards, and potential prorated vesting of them, are contained in the below section of this Letter Agreement entitled “Special CEO Succession Transition Provision.”

Beyond 2018 you will also be eligible to participate in NCR’s Annual LTI Equity Award Program that typically occurs in February each year, subject to Committee approval.

Executive Severance Plan Benefits:

As EVP & COO you will continue to participate in NCR’s Executive Severance Plan (“ESP”), as may be amended from time to time. The severance plan provides certain benefits in the event your employment is involuntarily terminated by NCR other than for “Cause” (as defined in the ESP).

In the event of a qualified termination of employment entitling you to benefits under the ESP, pursuant to the ESP as it is in force today you will receive a cash severance payment equal to one (1.0) times the sum of your annual base salary and target bonus (as defined in the ESP), payment of COBRA premiums for up to eighteen (18) months after the termination date, and Executive Outplacement Services for a period of one year after the termination date. Pro-rated vesting of outstanding unvested equity awards, if and as applicable, will be subject to the terms of the associated grant agreements and plans in connection with such a termination. These severance benefits will be provided to you under the terms of the ESP, which is subject to amendment or termination by NCR in accordance with the ESP terms.

Change-In-Control Severance Plan:

As EVP & COO you will also continue to participate in NCR’s Change in Control Severance Plan (the “CIC Plan”), as may be amended from time to time, and you are assigned a “Tier I” benefit level under the terms of the CIC Plan. See the CIC Plan for a description of its terms.

Special CEO Succession Transition Provision:

As Bill Nuti has retired and the NCR Board of Directors announced on April 30, 2018 the hiring of a new CEO, NCR will provide you the following special provisions related to your appointment as EVP & COO that will afford you certain additional protection in connection with the CEO transition.

Effective as of the date of this Letter Agreement, you have the right to resign from NCR voluntarily for “Succession Good Reason” (as defined below), to be exercised within ninety (90) days following an event giving rise to Succession Good Reason as set out below, at any time until April 30, 2020. In connection with a Succession Good Reason resignation, under this Letter Agreement you will be entitled to receive all of the benefits that would be provided under the ESP as if your employment had been involuntarily terminated by NCR other than for “Cause” (as defined in the ESP).

For avoidance of doubt, you will not be entitled to duplicate severance benefits in the event you are eligible for either or both (I) (a) the ESP benefits and/or (b) CIC Plan benefits on its or their own terms, and (II) the Succession Good Reason resignation benefits created under this Letter Agreement; in such instance you will be limited to the greater or greatest of the benefits provided by any of the two or, as applicable, three plans.

In the event of a resignation by you for Succession Good Reason, you will also be entitled to receive “prorated vesting” (as such provision is defined in each corresponding NCR LTI Equity Award Agreement) in any unvested and outstanding NCR LTI Equity Awards you may have at the time and in the same manner as if your employment had been involuntarily terminated by NCR other than for “Cause.”

“Succession Good Reason” for purposes of this Letter Agreement shall be defined as: (i) any diminishment in your title where you are no longer serving as Chief Operating Officer of NCR or, (ii) material diminishment of your authority or responsibilities, (iii) any reduction in your then current annual base salary or annual bonus target (except for any reduction in bonus targets applied generally to NCR executives), or (iv) any material breach of this Letter Agreement by the Company, which remains uncured, if curable, after more than thirty (30) days after your providing written notice of such breach to the Company to the attention of the CEO and General Counsel.

Release:

To receive any severance benefits from NCR, whether under this Letter Agreement in connection with Succession Good Reason or otherwise, you must execute a general release of all claims in a form acceptable to NCR, which shall be no less favorable to you than the form attached as Exhibit B to the CIC Severance Plan.

Executive Medical and Financial Planning Programs:

As EVP & COO you will also continue to be eligible to participate in NCR’s annual Executive Medical Exam Program and annual Executive Financial Planning Program.

The Executive Medical Exam Program currently provides up to US \$5,000 on an annual basis for progressive, diagnostic analysis by NCR’s provider of choice. The Executive Financial Planning Program currently provides for a reimbursement of up to US \$12,000 of expenses incurred annually for an executive’s individual financial planning needs. Each of these programs is subject to amendment or termination by the Committee.

Vacation/Holidays:

Under NCR's vacation policy you will continue to be entitled to receive paid vacation days and holidays. Eligible vacation is based on grade level or years of NCR service, whichever provides the greater benefit. You understand that unused vacation days are forfeited in accordance with NCR policy.

NCR also provides six (6) Floating Holidays, which can be used at any time during the year while recognizing customer and business needs.

Additionally, NCR recognizes the following six (6) days as paid holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Other Terms and Conditions of Employment:

This Letter Agreement is contingent upon your agreement to certain restrictive covenants concerning non-competition, non-customer-solicitation and non-recruitment/hiring, where such provisions are enforceable

by law. These restrictive covenants are outlined in your Promotional LTI Equity Award Agreement which will be provided to you on the Fidelity website. If you fail to accept that award agreement (which is capable of acceptance electronically), within 60 days of the award, the promises NCR has made in this Letter Agreement shall automatically become null and void, without further action or notice by NCR.

All questions concerning the construction, enforceability, or interpretation of this Letter Agreement are governed by and construed in accordance with the laws of the state of Texas, without giving effect to any choice or conflict of law rules that would cause the application of the laws of any other jurisdiction other than the state of Texas; for avoidance of doubt, the governing law of any other agreement between you and NCR or any benefits plan governing benefits or compensation payable to you, including but not limited to your equity agreements (including but not limited to the equity agreement for the promotional award referenced above), the MIP, the ESP, and the CIC Plan, and any agreement containing restrictive covenants such as confidentiality, trade secret protection, non-competition, non-solicitation and non-recruitment, shall not be modified, and the governing law applicable to all of the foregoing agreements or plans shall remain unchanged. In the event of any disputes arising out of or relating to this Letter Agreement, or any other aspect of your NCR employment, such disputes shall be submitted to binding arbitration, and the provisions of the dispute resolution and arbitration section of the equity award agreement referenced above are incorporated here by reference (or, if you do not accept that agreement's terms, then the dispute resolution and arbitration section of the most recent equity award agreement the terms of which you did accept electronically).

This letter supersedes and completely replaces any prior oral or written communication concerning the subject matter addressed in this Letter Agreement. Except as set out in this Letter Agreement, to the extent there is any conflict between the terms of this Letter Agreement and any other written agreement between NCR and you, the terms of this Letter Agreement shall control. For avoidance of doubt, none of the other agreements or plans referenced in this Letter Agreement (such as the MIP, CIC Plan, ESP, LTI Plan or others) are modified, changed or amended, whether expressly or by implication, but NCR acknowledges that the benefits created by the Special CEO Succession Transition Provision herein create an additional opportunity to receive the equivalent of ESP benefits not otherwise available under the ESP, and that they create additional benefits with respect to prorated vesting of LTI equity awards. This letter is not an employment contract, and should not be construed or interpreted as containing any guarantee of continued employment or employment for a specific term.

* * * * *

Paul, we are very excited about the contributions, experience and knowledge you can bring to NCR. We have assembled some of the best professionals in the industry and are convinced that your expertise will help us further enhance the Company's reputation and help NCR complete the transformation needed to deliver on our Vision 2020 strategy.

If you have any questions about this Letter Agreement or wish to discuss the role further, please do not hesitate to contact a senior executive at any time so you can make an informed decision about your exciting new role as EVP and COO for NCR.

Sincerely,

NCR Corporation

By: /s/ Edward Gallagher

Name: Edward Gallagher

Date: May 2, 2018

Copy to: Andrea Ledford, EVP – Chief Administration Office and Chief HR Officer Edward Gallagher, SVP, General Counsel and Secretary

Accepting this Letter Agreement:

By accepting and signing this Letter Agreement you acknowledge that this document is not a contract of employment for any definite duration of time or otherwise. Your employment relationship with NCR is by mutual consent ("Employment at Will"). This means either you or NCR has the right to discontinue the employment relationship with or without cause at any time and for any reason.

I accept the terms and conditions of this Letter Agreement:

/s/ Paul E. Langenbahn
Paul E. Langenbahn

May 2, 2018
Date

NCR Corporation
864 Spring Street NW
Atlanta, GA 30308

March 19, 2018

Mr. Mark D. Benjamin
c/o NCR Corporation
864 Spring Street NW
Atlanta, GA 30308

Dear Mark,

- (1) This letter agreement (this “Letter Agreement”) confirms the agreement between NCR Corporation (“NCR”) and you that, subject to (a) your continued employment with NCR, and assistance with an orderly transition, through March 21, 2018 (the “Separation Date”), (b) your provision of the Consulting Services described in Section 6 of this Letter Agreement, and (c) your execution of the release of claims in the form attached hereto as Exhibit B (in consideration, in part, for NCR’s execution of the release of claims in the form attached hereto as Exhibit A) following, but not later than, the twenty-first day following, the Separation Date and your non-revocation of such release during the applicable revocation period, you (or your legal representative or the legal representative of your estate, as applicable, if you should die or become disabled prior to the payment thereof) will be entitled to a lump sum cash payment of \$1,500,000, less applicable tax withholdings, payable on the thirtieth day following the Separation Date. Upon the termination of your employment with NCR, you shall forfeit all unvested NCR equity awards and you shall not be entitled to any transition or severance payment other than as set forth in the immediately preceding sentence. In addition to the foregoing, you shall receive from NCR all salary and benefits otherwise due to you through the Separation Date.
- (2) Effective as of the Separation Date, you hereby tender your resignation from all positions you hold with NCR, including each of its subsidiaries and affiliates, and you agree to execute such documents as NCR shall reasonably request to evidence any such resignation.
- (3) You reaffirm the restrictive covenants set forth in your 2017 equity award agreements, i.e., those pertaining to non-competition, non-solicitation, non-recruitment/hiring, and non-disclosure (the “2017 Restrictive Covenants”). For the avoidance of doubt, the Separation Date shall be the commencement date for any applicable post-employment periods pursuant to the 2017 Restrictive Covenants and such post-employment periods shall not be extended

by the Term (as defined below), which Term shall run concurrent with such post-employment periods.

- (4) During your employment with NCR and thereafter, you agree that you will not disclose, unless required by applicable law or regulation or by a court of competent jurisdiction, to any third party, nor use on your own behalf, any of NCR's confidential, technical, marketing, business, financial or other information not publicly available.
- (5) During your employment with NCR and thereafter, you will not directly or indirectly make disparaging comments that adversely affect the reputation of NCR or its directors or executive officers. NCR agrees to instruct its current executive officers and directors not to directly or indirectly make disparaging comments that adversely affect your reputation. Nothing herein shall prevent either NCR or you from testifying truthfully in any legal proceeding or before any applicable governmental agency or department or in any legal proceeding to enforce the terms of this Letter Agreement.
- (6) Following the Separation Date, you agree to provide consulting services to NCR on the following terms:
 - (a) *Term*. You shall render the Consulting Services (as defined below) to NCR, on the terms and conditions set forth in this Section 6, during the period beginning on the Separation Date and ending on April 6, 2018 (the "Term").
 - (b) *Consulting Services*. You agree that, during the Term, you shall assist with the transition of your duties as Chief Operating Officer of NCR as reasonably requested by NCR (the "Consulting Services"). During the Term, you will be reasonably available for the purpose of rendering (and to the extent requested shall provide), for up to thirty hours per week, during regular business hours or at such other time or times as mutually agreed, the Consulting Services. During the Term, you shall not be required to travel to NCR's headquarters or to any other location. Any expenses that you may incur on NCR's behalf in rendering the services must be approved in advance by NCR and, if approved, shall be promptly reimbursed by NCR upon written submission by you of the applicable invoice or statement evidencing such expenses. You shall be indemnified by NCR to the maximum extent permitted by law and NCR's governing documents for the services that you render hereunder during the Term.
 - (c) *Independent Contractor*. You understand that your relationship with NCR during the Term shall be that of an independent contractor and during the Term you shall not be considered an employee of NCR for tax purposes or for any other purposes whatsoever. You

specifically understand and agree that during the Term you will not be entitled to, nor be eligible to participate in, any benefits or privileges offered or given by NCR or any of its affiliates to their respective employees as a result of the relationship established by this Section 6. You agree that, during the Term, you will not be an agent of NCR or any of its affiliates, and that you will have no authority, implied or actual, to act on behalf of NCR or any of its affiliates or to enter into any agreement that would bind either NCR or any of its affiliates.

(d) *Non-Assignability.* You may not assign this consulting agreement without the prior written permission of NCR. Any attempt to assign any rights, duties, or obligations that arise under this consulting agreement without such permission shall be void.

(7) Any controversy or claim arising out of or related to this Letter Agreement shall be resolved by binding arbitration. The arbitration shall be pursuant to the then current rules of the American Arbitration Association and shall be held in the Borough of Manhattan in New York City. The arbitration shall be held before a single arbitrator who is an attorney. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. Issues of arbitrability shall be determined in accordance with the U.S. federal substantive and procedural laws relating to arbitration; in all other respects, this Letter Agreement shall be governed by the laws of the State of Georgia in the United States, without regard to its conflict-of-laws principles. Each party shall bear its own attorney fees associated with the arbitration; other costs, and the expenses of the arbitration, shall be borne as provided by the rules of the American Arbitration Association.

(8) Notwithstanding the preceding Section 7, in the event that you breach Section 4 or Section 5 of this Letter Agreement, or any of the 2017 Restrictive Covenants, you acknowledge that NCR may sustain irreparable injury and may not have an adequate remedy at law. As a result, in the event of such a breach NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief pending appointment of an arbitrator and completion of an arbitration, and in such instance shall not be required to post a bond.

(9) The validity, interpretation, construction and performance of the Letter Agreement shall in all respects be governed by the laws of Georgia, without reference to principles of conflict of law.

(10) Nothing in this Letter Agreement or the release attached hereto as Exhibit B shall prevent you from making a good faith report or related disclosures to any governmental agency or

entity regarding potential violations of applicable federal, state, or local law or to take other actions protected as whistleblower activity under applicable law.

(11)NCR may withhold from any amount payable or benefit provided under this Letter Agreement such Federal, state, local, foreign and other taxes as are required to be withheld pursuant to any applicable law or regulation.

(12)This Letter Agreement, the 2017 Restrictive Covenants, and the releases attached hereto as Exhibits A and B represent the entire agreement between the parties as to the subject matters herein and supersede all prior and contemporaneous understandings and agreements with respect thereto. This Letter Agreement shall be binding upon the successors and assigns of NCR and upon your heirs, beneficiaries and legal representatives.

(13)This Letter Agreement may not be amended except by a writing signed by both parties. Waiver by a party of any breach of any provision of this letter agreement by the other party shall not operate nor be construed as a waiver of any subsequent or other breach. No provision or breach of this letter agreement may be waived except by a written instrument signed by the party waiving such provision or breach, which states that such party is waiving such provision or breach.

[Remainder of Page Intentionally Left Blank.]

FORM OF COMPANY RELEASE OF CLAIMS

1. FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, NCR Corporation (the "Company") on its behalf, and on behalf of its predecessors, affiliates and successors, and each of its past, present and future officers, directors, employees, representatives, attorneys, insurers, agents and assigns, individually and in their official capacities, hereby releases and forever discharges Mark Benjamin ("Executive") from any and all known causes of action, rights or claims of any type or description, which they have had in the past, now have, or might now have, through the date of signing of this Release of Claims, in any way resulting from, arising out of or connected with Executive's employment by the Company or any of its subsidiaries or other affiliates or the termination of that employment or pursuant to any federal, state or local law, regulation or other requirements, including, without limitation, those arising under common law.

2. Excluded from the scope of this Release of Claims is (a) any claim based on facts not known by the Company on the date of execution of this Release of Claims, (b) any claim arising under the Letter Agreement, dated March 19, 2018 (the "Letter Agreement") after the effective date of this Release of Claims, (c) any claim arising under the 2017 Restrictive Covenants (as defined in the Letter Agreement) after the effective date of this Release of Claims, and (d) any claims relating to Executive's commission of fraud or criminal acts against the Company or its affiliates. Intending to be legally bound, the Company has signed this Release of Claims as of the date written below.

3. This agreement shall be construed, enforced and interpreted in accordance with and governed by the laws of the State of Georgia, without reference to its principles of conflict of laws.

4. It is the intention of the parties hereto that the provisions of this agreement shall be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability or the modification to conform with such laws or public policies of any provision hereof shall not render unenforceable or impair the remainder of this agreement. Accordingly, if any provision shall be determined to be invalid or unenforceable either in whole or in part, this agreement shall be deemed amended to delete or modify as necessary the invalid or unenforceable provisions to alter the balance of this agreement in order to render the same valid and enforceable.

5. This agreement may not be orally canceled, changed, modified or amended, and no cancellation, change, modification or amendment shall be effective or binding, unless in writing and signed by both parties to this agreement.

NCR CORPORATION

Date

Name:
Title:

[Signature Page to Company Release]

FORM OF EXECUTIVE RELEASE OF CLAIMS

1. In consideration of the payment to which Mark D. Benjamin (the "Executive") is entitled from NCR Corporation pursuant to that certain letter agreement dated March 19, 2018, 2018 (the "Letter Agreement"), the Executive for himself, his heirs, administrators, representatives, executors, successors and assigns (collectively "Releasers") does hereby irrevocably and unconditionally release, acquit and forever discharge NCR Corporation (the "Company") and its subsidiaries, affiliates and divisions (the "Affiliated Entities") and their respective predecessors and successors and their respective, current and former, trustees, officers, directors, partners, shareholders, agents, employees, consultants, independent contractors and representatives, including without limitation all persons acting by, through, under or in concert with any of them (collectively, "Releasees"), and each of them from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, remedies, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs) of any nature whatsoever, known or unknown, whether in law or equity and whether arising under federal, state or local law and in particular including any claim for discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, or any other unlawful criterion or circumstance, relating to the Executive's employment or termination thereof, which the Executive and Releasers had, now have, or may have in the future against each or any of the Releasees, including but not limited to claims based on express or implied contract or corporate policies, covenants of good faith and fair dealing, wrongful discharge, claims under any federal, state, and local laws, regulations and ordinances, including but not limited to Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act and the Age Discrimination in Employment Act, the Employee Retirement Income Security Act ("ERISA"), the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, including all amendments to the foregoing statutes, claims for violation of public policy, damages in tort, or claims under the common law; and claims for any other compensation or damages or attorneys' fees, from the beginning of the world until the date hereof (the "Execution Date").

2. The Executive acknowledges that: (a) this entire agreement is written in a manner calculated to be understood by him and that he does understand it, that it contains a waiver of claims under the Age Discrimination in Employment Act and that it does not waive claims that may arise in the future; (b) he has been advised to consult with an attorney before executing this agreement; (c) he is entering into it knowingly, voluntarily and with full knowledge of its significance; (d) he was given a period of twenty-one days within which to consider this agreement; and (d) to the extent he executes this agreement before the expiration of the twenty one-day period, he does so knowingly and voluntarily and only after consulting his attorney. The Executive shall have the right to cancel and revoke this agreement during a period of seven days following the Execution Date, and this agreement shall not become effective, and no money shall be paid or benefits provided pursuant to the Letter Agreement, until after the expiration of such seven-day period. The seven-day period of revocation shall commence upon the Execution Date. In order to revoke this agreement, the Executive shall deliver to the Company, prior to the expiration of said seven-day period, a written notice of revocation addressed to NCR's General Counsel at 864 Spring Street NW, Atlanta GA

30308, with an electronic mail copy to edward.gallagher@ncr.com. Upon such revocation, this agreement shall be null and void and of no further force or effect.

3. Notwithstanding anything else herein to the contrary, this Release shall not affect: (a) the obligations of the Company set forth in the Letter Agreement or other obligations that, in each case, by their terms, are to be performed after the date hereof (including, without limitation, obligations to Executive under any stock option, stock award or agreements or obligations under any pension plan or other benefit or deferred compensation plan, all of which shall remain in effect in accordance with their terms); (b) obligations to indemnify the Executive respecting acts or omissions in connection with the Executive's service as a director, officer or employee of the Affiliated Entities; (c) obligations with respect to insurance coverage under any of the Affiliated Entities' (or any of their respective successors) directors' and officers' liability insurance policies; (d) any right Executive may have to obtain contribution in the event of the entry of judgment against Executive as a result of any act or failure to act for which both Executive and any of the Affiliated Entities are jointly responsible; or (e) any right Executive may have in his capacity as a shareholder of the Company.

4. This agreement shall be construed, enforced and interpreted in accordance with and governed by the laws of the State of Georgia, without reference to its principles of conflict of laws.

5. It is the intention of the parties hereto that the provisions of this agreement shall be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability or the modification to conform with such laws or public policies of any provision hereof shall not render unenforceable or impair the remainder of this agreement. Accordingly, if any provision shall be determined to be invalid or unenforceable either in whole or in part, this agreement shall be deemed amended to delete or modify as necessary the invalid or unenforceable provisions to alter the balance of this agreement in order to render the same valid and enforceable.

6. This agreement may not be orally canceled, changed, modified or amended, and no cancellation, change, modification or amendment shall be effective or binding, unless in writing and signed by both parties to this agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned parties have executed this agreement, which includes a release.

NCR CORPORATION

By: _____
Name:
Title:

Agreed to and Accepted:

Mark D. Benjamin

Date

[Signature Page to Executive Release]

CERTIFICATION

I, Michael Hayford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NCR Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ Michael Hayford

Michael Hayford
President and Chief Executive Officer

CERTIFICATION

I, Robert Fishman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NCR Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ Robert Fishman

Robert Fishman
Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NCR Corporation, a Maryland corporation (the "Company") for the period ending June 30, 2018 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

Dated: August 3, 2018

/s/ Michael Hayford

Michael Hayford
President and Chief Executive Officer

Dated: August 3, 2018

/s/ Robert Fishman

Robert Fishman
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to NCR Corporation and will be retained by NCR Corporation and furnished to the United States Securities and Exchange Commission or its staff upon request.