
**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 March 31, 2011

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.)

3097 Satellite Boulevard
Duluth, GA 30096
(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). [Not yet applicable to registrant.] Yes No

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

| | | | |
|-------------------------|--|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |

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 April 15, 2011, there were approximately 158.6 million shares of 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 March 31, | |
|---|------------------------------|----------------|
| | 2011 | 2010 |
| Product revenue | \$ 494 | \$ 468 |
| Service revenue | 601 | 561 |
| Total revenue | 1,095 | 1,029 |
| Cost of products | 404 | 383 |
| Cost of services | 481 | 455 |
| Selling, general and administrative expenses | 164 | 170 |
| Research and development expenses | 40 | 39 |
| Total operating expenses | 1,089 | 1,047 |
| Income (loss) from operations | 6 | (18) |
| Interest expense | — | (1) |
| Other income, net | 6 | 1 |
| Income (loss) from continuing operations before income taxes | 12 | (18) |
| Income tax expense (benefit) | 1 | (1) |
| Income (loss) from continuing operations | 11 | (17) |
| Income from discontinued operations, net of tax | 3 | — |
| Net income (loss) | 14 | (17) |
| Net income attributable to noncontrolling interests | 1 | 2 |
| Net income (loss) attributable to NCR | \$ 13 | \$ (19) |
| Amounts attributable to NCR common stockholders: | | |
| Income (loss) from continuing operations | \$ 10 | \$ (19) |
| Income from discontinued operations, net of tax | 3 | — |
| Net income (loss) | \$ 13 | \$ (19) |
| Income (loss) per share attributable to NCR common stockholders: | | |
| Income (loss) per common share from continuing operations | | |
| Basic | \$ 0.06 | \$ (0.12) |
| Diluted | \$ 0.06 | \$ (0.12) |
| Net income (loss) per common share | | |
| Basic | \$ 0.08 | \$ (0.12) |
| Diluted | \$ 0.08 | \$ (0.12) |
| Weighted average common shares outstanding | | |
| Basic | 159.2 | 159.9 |
| Diluted | 161.7 | 159.9 |

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Balance Sheets (Unaudited)

| In millions, except per share amounts | March 31, 2011 | December 31, 2010 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 480 | \$ 496 |
| Accounts receivable, net | 946 | 928 |
| Inventories, net | 793 | 741 |
| Other current assets | 349 | 313 |
| Total current assets | 2,568 | 2,478 |
| Property, plant and equipment, net | 434 | 429 |
| Goodwill | 116 | 115 |
| Prepaid pension cost | 314 | 286 |
| Deferred income taxes | 624 | 630 |
| Other assets | 416 | 423 |
| Total assets | \$ 4,472 | \$ 4,361 |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Short-term borrowings | \$ 1 | \$ 1 |
| Accounts payable | 540 | 499 |
| Payroll and benefits liabilities | 150 | 175 |
| Deferred service revenue and customer deposits | 424 | 362 |
| Other current liabilities | 389 | 379 |
| Total current liabilities | 1,504 | 1,416 |
| Long-term debt | 10 | 10 |
| Pension and indemnity plan liabilities | 1,278 | 1,259 |
| Postretirement and postemployment benefits liabilities | 312 | 309 |
| Income tax accruals | 138 | 165 |
| Environmental liabilities | 237 | 244 |
| Other liabilities | 43 | 42 |
| Total liabilities | 3,522 | 3,445 |
| Commitments and contingencies (Note 6) | | |
| Stockholders' equity | | |
| NCR stockholders' equity | | |
| Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of March 31, 2011 and December 31, 2010 | — | — |
| Common stock: par value \$0.01 per share, 500.0 shares authorized, 158.5 and 159.7 shares issued and outstanding as of March 31, 2011 and December 31, 2010, respectively | 2 | 2 |
| Paid-in capital | 261 | 281 |
| Retained earnings | 1,948 | 1,935 |
| Accumulated other comprehensive loss | (1,296) | (1,335) |
| Total NCR stockholders' equity | 915 | 883 |
| Noncontrolling interests in subsidiaries | 35 | 33 |
| Total stockholders' equity | 950 | 916 |
| Total liabilities and stockholders' equity | \$ 4,472 | \$ 4,361 |

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

| In millions | Three months ended March 31, | |
|--|------------------------------|---------------|
| | 2011 | 2010 |
| Operating activities | | |
| Net income (loss) | \$ 14 | \$ (17) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Income from discontinued operations | (3) | — |
| Depreciation and amortization | 37 | 32 |
| Stock-based compensation expense | 7 | 2 |
| Excess tax benefit from stock-based compensation | (1) | — |
| Deferred income taxes | (5) | 10 |
| Gain on sale of property, plant and equipment | (2) | — |
| Changes in operating assets and liabilities: | | |
| Receivables | (18) | 12 |
| Inventories | (52) | (34) |
| Current payables and accrued expenses | 14 | (36) |
| Deferred service revenue and customer deposits | 62 | 47 |
| Employee severance and pension | 33 | 37 |
| Other assets and liabilities | (42) | (31) |
| Net cash provided by operating activities | 44 | 22 |
| Investing activities | | |
| Grant reimbursements from capital expenditures | — | 1 |
| Expenditures for property, plant and equipment | (25) | (39) |
| Proceeds from sales of property, plant and equipment | 2 | — |
| Additions to capitalized software | (14) | (13) |
| Net cash used in investing activities | (37) | (51) |
| Financing activities | | |
| Repurchases of Company common stock | (35) | — |
| Proceeds (repayment) of short-term borrowings | — | (4) |
| Excess tax benefit from stock-based compensation | 1 | — |
| Proceeds from employee stock plans | 6 | 2 |
| Net cash used in financing activities | (28) | (2) |
| Cash flows from discontinued operations | | |
| Net cash used in operating activities | (1) | (8) |
| Effect of exchange rate changes on cash and cash equivalents | 6 | (4) |
| Decrease in cash and cash equivalents | (16) | (43) |
| Cash and cash equivalents at beginning of period | 496 | 451 |
| Cash and cash equivalents at end of period | \$ 480 | \$ 408 |

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. BASIS OF PRESENTATION

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) 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 2010 year-end 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, 2010.

Effective January 1, 2011, NCR began management of its business on a line of business basis, changing from the previous model of geographic business segments. We have reclassified prior period segment disclosures to conform to the current period presentation. See Note 9, "Segment Information and Concentrations" for additional information.

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 revenues 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 would materially impact our Condensed Consolidated Financial Statements or require disclosures.

Discontinued Operations Income (loss) from discontinued operations, net of tax includes activity related to environmental matters as well as the spin-off of the Teradata Data Warehousing (Teradata) business.

Environmental Matters In 2010, the Company revised its presentation of costs and insurance recoveries related to certain environmental obligations, including the Fox River matter, to classify those items as discontinued operations in the Condensed Consolidated Statement of Operations and Condensed Consolidated Statement of Cash Flows. Such costs and insurance recoveries were previously classified in other income, net in the Condensed Consolidated Statement of Operations, and within cash flow from operating activities in the Condensed Consolidated Statement of Cash Flows. Presentation of these items as discontinued operations is appropriate because the environmental obligations arose at properties which the Company has divested, and is consistent with the guidance of the SEC, including SEC Staff Accounting Bulletin Topic 5Z(5), "Classification and Disclosure of Contingencies Relating to Discontinued Operations." The revised presentation has been applied for similar items in all periods presented. See Note 6, "Commitments and Contingencies" for additional information.

The revision in presentation did not impact income from discontinued operations, net of tax, other income, net, income tax expense (benefit), net loss, or net loss per common share for the three months ended March 31, 2010. For the three months ended March 31, 2010, the cash flows from discontinued operations related to the Fox River environmental matter included \$8 million of cash used, which was previously included in net cash provided by operating activities.

For the three months ended March 31, 2011, loss from discontinued operations related to environmental matters of \$1 million or \$1 million, net of tax, was primarily due to a scheduled payment from an insurer in connection with a settlement that had been agreed to in prior years related to the Fox River matter, offset by a the accrual of legal fees related to the Kalamazoo environmental matter. Net cash used in discontinued operations related to environmental matters was \$1 million.

Spin-off of Teradata On September 30, 2007, NCR completed the spin-off of Teradata through the distribution of a tax-free stock dividend to its stockholders. The results and operations and cash flows of Teradata have been presented as a discontinued operation. There was no operating activity related to the spin-off of Teradata in 2011 and 2010. For the three months ended March 31, 2011, \$4 million was included in income from discontinued operations, net of tax, related to favorable changes in uncertain tax benefits attributable to Teradata.

2. SUMMARY OF ACCOUNTING POLICIES

New Accounting Pronouncements In September 2009, the Financial Accounting Standards Board (FASB) ratified the final

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

consensus reached by the Emerging Issues Task Force (EITF) that revised the authoritative guidance for revenue arrangements with multiple deliverables. The guidance addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be allocated among the separate units of accounting. NCR adopted this guidance effective January 1, 2011 and is applying it prospectively for new or materially modified arrangements. Under the consensus adopted by the EITF, use of the residual method, which the Company previously applied to many of its customer arrangements, is no longer permitted. The new guidance requires the Company to use its best estimate of a deliverable's selling price whenever it lacks objective evidence. The result of this change is that any discount in a customer arrangement which previously was allocated to delivered items, is instead now allocated on a relative fair value basis among all the deliverables. There were no significant changes to the Company's units of accounting within its multiple-element arrangements or in the pattern or timing of revenue recognition in the first quarter of 2011 as a result of the adoption of this update.

In September 2009, the FASB also ratified the final consensus reached by the EITF that modifies the scope of the software revenue recognition guidance to exclude (a) non-software components of tangible products and (b) software components of tangible products that are sold, licensed or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product's essential functionality. NCR adopted this guidance effective January 1, 2011 and is applying it prospectively for new or materially modified arrangements. There were no significant changes to the pattern or timing of revenue recognition in the first quarter of 2011 as a result of the adoption of this update.

Revenue Recognition The Company's significant accounting policies as reported in NCR's Form 10-K for the year ended December 31, 2010 have been amended in the first quarter of 2011 upon the adoption of the new revenue recognition accounting pronouncements discussed above. While the adoption of the new accounting pronouncements had no material impact on the Company's Condensed Consolidated Financial Statements for the first quarter of 2011, the Company's previously disclosed revenue recognition policy related to multiple-element arrangements and software was updated, and is presented below as revised.

NCR frequently enters into multiple-element arrangements with its customers including hardware, software, professional consulting services and maintenance support services. For arrangements involving multiple deliverables, when deliverables include software and non-software products and services, NCR evaluates and separates each deliverable to determine whether it represents a separate unit of accounting based on the following criteria: (a) the delivered item has value to the customer on a stand-alone basis; and (b) if the contract includes a general right of return relative to the delivered item, delivery or performance of the undelivered items is considered probable and substantially in the control of NCR.

For arrangements entered into or materially modified after January 1, 2011, consideration is allocated to each unit of accounting based on the unit's relative selling prices. In such circumstances, the Company uses a hierarchy to determine the selling price to be used for allocating revenue to each deliverable: (i) vendor-specific objective evidence of selling price (VSOE), (ii) third-party evidence of selling price (TPE), and (iii) best estimate of selling price (BESP). VSOE generally exists only when the Company sells the deliverable separately and is the price actually charged by the Company for that deliverable. VSOE is established for our software maintenance services and we use TPE to establish selling prices for our non-software related services, which include hardware maintenance, non-software related professional services, and transaction services. The Company uses BESP to allocate revenue when we are unable to establish VSOE or TPE of selling price. BESP is primarily used for elements such as hardware and software that are not consistently priced within a narrow range. The Company determines BESP for a deliverable by considering multiple factors including product class, geography, average discount, and management's historical pricing practices. Amounts allocated to the delivered hardware and software elements are recognized at the time of sale provided the other conditions for revenue recognition have been met. Amounts allocated to the undelivered maintenance and other services elements are recognized as the services are provided or on a straight-line basis over the service period. 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 and acceptance generally occur in the same reporting period.

For arrangements entered into prior to January 1, 2011, the Company has not applied BESP. In such arrangements, if the Company has the requisite evidence of selling price for the undelivered elements but not for the delivered elements, the Company applies the residual method to allocate arrangement consideration.

In situations where NCR's solutions contain software that is more than incidental, revenue related to the software and software-related elements is recognized in accordance with authoritative guidance on software revenue recognition. For the software and software-related elements of such transactions, revenue is allocated based on the relative fair value of each element, and fair

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

value is determined by VSOE. If the Company cannot objectively determine the fair value of any undelivered element included in such multiple-element arrangements, the Company defers revenue until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. When the fair value of a delivered element has not been established, but fair value exists for the undelivered elements, the Company uses the residual method to recognize revenue. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is allocated to the delivered elements and is recognized as revenue.

3. SUPPLEMENTAL FINANCIAL INFORMATION

The following table provides a reconciliation of total stockholders' equity, stockholders' equity attributable to NCR, and noncontrolling interests in subsidiaries for the three months ended March 31, 2011 and March 31, 2010:

| In millions | Total Stockholders' Equity | Stockholders' Equity Attributable to NCR | Noncontrolling Interests in Subsidiaries |
|--|-------------------------------|--|---|
| December 31, 2009 | \$592 | \$564 | \$28 |
| Net (loss) income | (17) | (19) | 2 |
| Other comprehensive income, net of tax: | | | |
| Currency translation adjustments | 3 | 3 | — |
| Benefit plans, net | 40 | 40 | — |
| Unrealized gain on derivatives | 1 | 1 | — |
| Comprehensive income | 27 | 25 | 2 |
| Employee stock purchase and stock compensation plans | 2 | 2 | — |
| March 31, 2010 | \$621 | \$591 | \$30 |
| December 31, 2010 | \$916 | \$883 | \$33 |
| Net income | 14 | 13 | 1 |
| Other comprehensive income, net of tax: | | | |
| Currency translation adjustments | 11 | 10 | 1 |
| Unrealized loss on securities | (1) | (1) | — |
| Unrealized loss on derivatives | (7) | (7) | — |
| Benefit plans, net | 37 | 37 | — |
| Comprehensive income | 54 | 52 | 2 |
| Employee stock purchase and stock compensation plans | 15 | 15 | — |
| Repurchase of Company common stock | (35) | (35) | — |
| March 31, 2011 | \$950 | \$915 | \$35 |

The components of accumulated other comprehensive (loss) income (AOCI), net of tax, are summarized as follows:

| In millions | March 31, 2011 | December 31, 2010 |
|---|-------------------|----------------------|
| Unrealized gain on securities | \$1 | \$2 |
| Unrealized (loss) gain on derivatives | (2) | 5 |
| Unamortized costs associated with pension, postemployment and postretirement benefits | (1,251) | (1,288) |
| Currency translation adjustments | (44) | (54) |
| Accumulated other comprehensive loss | \$(1,296) | \$(1,335) |

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

The components of inventory are summarized as follows:

| In millions | March 31, 2011 | December 31, 2010 |
|-----------------------------------|-------------------|----------------------|
| Inventories, net | | |
| Work in process and raw materials | \$148 | \$143 |
| Finished goods | 227 | 180 |
| Service parts | 418 | 418 |
| Total inventories, net | \$793 | \$741 |

4. STOCK COMPENSATION PLANS

As of March 31, 2011, the Company's primary types of stock-based compensation were stock options and restricted stock. Stock-based compensation expense for the following periods was:

| In millions | Three months ended March 31, | |
|---|------------------------------|------|
| | 2011 | 2010 |
| Stock options | \$1 | \$— |
| Restricted stock | 6 | 2 |
| Total stock-based compensation (pre-tax) | 7 | 2 |
| Tax benefit | (2) | (1) |
| Total stock-based compensation (net of tax) | \$5 | \$1 |

Stock-based compensation expense is recognized in the financial statements based upon fair value. Stock-based compensation expense was higher in the three months ended March 31, 2011, as compared to the three months ended March 31, 2010, due to changes in the quantity and value of awards granted as well as an increase in the expected achievement level associated with certain performance-based restricted stock grants.

The weighted average fair value of option grants was estimated based on the below weighted average assumptions and was \$7.41 and \$5.44 for the three months ended March 31, 2011 and 2010, respectively.

| | Three months ended March 31, | |
|---------------------------------|------------------------------|-------|
| | 2011 | 2010 |
| Dividend yield | — | — |
| Risk-free interest rate | 2.17% | 2.34% |
| Expected volatility | 41.0% | 47.6% |
| Expected holding period (years) | 5.1 | 4.8 |

Expected volatility incorporates a blend of both historical volatility of the Company's stock over a period equal to the expected term of the options and implied volatility from traded options on the Company's stock, as management believes this is more representative 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 the five-year U.S. Treasury yield curve in effect at the time of grant.

As of March 31, 2011, the total unrecognized compensation cost of \$10 million related to unvested stock option grants is expected to be recognized over a weighted average period of approximately 2.4 years. As of March 31, 2011, the total unrecognized compensation cost of \$57 million related to unvested restricted stock grants is expected to be recognized over a weighted average period of approximately 2.1 years.

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

5. EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost for the three months ended March 31 were as follows:

| In millions | U.S. Pension Benefits | | International Pension Benefits | | Total Pension Benefits | |
|--------------------------------|-----------------------|-------------|--------------------------------|-------------|------------------------|-------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Net service cost | \$— | \$— | \$4 | \$4 | \$4 | \$4 |
| Interest cost | 45 | 47 | 22 | 23 | 67 | 70 |
| Expected return on plan assets | (39) | (41) | (27) | (29) | (66) | (70) |
| Settlement charge | — | — | — | 6 | — | 6 |
| Amortization of: | | | | | | |
| Prior service cost | — | — | 1 | — | 1 | — |
| Actuarial loss | 29 | 30 | 16 | 16 | 45 | 46 |
| Net benefit cost | <u>\$35</u> | <u>\$36</u> | <u>\$16</u> | <u>\$20</u> | <u>\$51</u> | <u>\$56</u> |

The income from the postretirement plan for the three months ended March 31 was:

| In millions | Three months ended March 31, | |
|---------------------------|------------------------------|--------------|
| | 2011 | 2010 |
| Interest cost | \$— | \$1 |
| Amortization of: | | |
| Prior service benefit | (4) | (3) |
| Actuarial loss | 1 | 1 |
| Net postretirement income | <u>\$(3)</u> | <u>\$(1)</u> |

The cost of the postemployment plan for the three months ended March 31 was:

| In millions | Three months ended March 31, | |
|---------------------------|------------------------------|-------------|
| | 2011 | 2010 |
| Net service cost | \$6 | \$6 |
| Interest cost | 3 | 3 |
| Amortization of: | | |
| Prior service cost | — | — |
| Actuarial loss | 3 | 3 |
| Total postemployment cost | <u>\$12</u> | <u>\$12</u> |

Employer Contributions

Pension - For the three months ended March 31, 2011, NCR contributed approximately \$18 million to its international pension plans and \$2 million to its executive pension plan. NCR anticipates contributing an additional \$97 million to its international pension plans for a total of \$115 million and an additional \$8 million to its executive pension plan for a total of \$10 million in 2011. NCR does not anticipate making cash contributions to its U.S. qualified pension plan in 2011.

Postretirement - For the three months ended March 31, 2011, NCR made \$3 million in contributions to its U.S. postretirement plan. NCR anticipates contributing an additional \$7 million to its U.S. postretirement plan for a total of \$10 million in 2011.

Postemployment - For the three months ended March 31, 2011, NCR contributed approximately \$4 million to its postemployment plans. NCR anticipates contributing an additional \$46 million to its postemployment plans in 2011 for a total of \$50 million.

6. 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, employee benefits, import/export compliance, intellectual property, data privacy, 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

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

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. NCR believes the amounts provided in its Condensed Consolidated Financial Statements, as prescribed by GAAP, are currently adequate in light of the probable and estimable liabilities with respect to such matters, 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 environmental matter 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. Any costs that may be incurred in excess of those amounts provided as of March 31, 2011 cannot currently be reasonably determined.

The United States Department of Justice is conducting an investigation regarding the propriety of the Company's former Teradata Data Warehousing business's arrangements and understandings with others in connection with certain federal contracts. In connection with the spin-off of Teradata on September 30, 2007, the responsibility for this matter, together with the related reserve, was distributed to Teradata Corporation. While the Company may be subject to ostensible exposure inasmuch as it was the contracting party in the matter at issue, Teradata Corporation is generally obligated to indemnify the Company for any losses arising out of this matter.

A separate portion of the government's investigation relates to the adequacy of pricing disclosures made to the government in connection with negotiation of the Company's General Services Administration Federal Supply Schedule and to whether certain subsequent price reductions were properly passed on to the government. Both Teradata Corporation and the Company are participating in this aspect of the investigation, with respect to certain products and services of each of them, and each will assume financial responsibility for its own exposures, if any, without indemnification from the other. At this time, the Company is unable to determine whether it has probable liability with respect to this aspect of the investigation.

In August 2009, a federal court in Ohio granted motions for summary judgment against NCR in two companion class actions brought on behalf of certain unionized retirees, who claimed that the Company's 2003 decision to terminate certain benefits payable on death violated collective bargaining agreements and other rights. The Company appealed the decision to the Sixth Circuit Court of Appeals and created an accrual of approximately \$6 million for the potential liability, which NCR recognized as other expense during 2009. While the appeal was pending, the Company reached a settlement of approximately \$3 million which received final approval from the federal district court in March 2011. The settlement payment will be made in May 2011; the balance of the accrual was released to other income during the three months ended March 31, 2011.

In December 2010, a jury in a New York federal court awarded approximately \$8 million, which NCR recognized as selling, general and administrative expense during 2010, to a plaintiff in a suit over a commission arrangement purportedly entered into by the Company's consumables business in 2003. The Company has moved to set aside the jury verdict, and if that motion is not granted the Company plans to appeal.

In a patent infringement case filed by a company known as Automated Transactions, Limited (ATL) the Company agreed to defend and indemnify its customers, 7-Eleven and Cardtronics. On behalf of those customers, the Company won summary judgment in the case in March 2011. ATL is expected to seek appellate review. ATL contends that Vcom terminals sold by the Company to 7-Eleven (Cardtronics ultimately purchased the business from 7-Eleven) infringe certain ATL patents that purport to relate to the combination of an ATM with an Internet kiosk, in which a retail transaction can be realized over an Internet connection provided by the kiosk. Independent of the litigation, the U.S. Patent and Trademark Office (USPTO) rejected the parent patent as invalid in view of certain prior art, although related continuation patents were not reexamined by the USPTO. ATL filed a second suit against the same companies with respect to a broader range of ATMs, based on the same patents plus a more recently issued patent; that suit is currently subject to a stay pending resolution of the case in which summary judgment was granted. While the Company does not believe that ATL's patent claims are meritorious, if ATL's claims are successful potential royalties or damages could cause the Company to incur liability that could be material to it, and such royalties or damages could adversely impact its ATM business.

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

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than the matter detailed below, we currently do not anticipate material expenses and liabilities from these environmental matters.

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. 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. Some parties contend that NCR is also responsible for PCB discharges from paper mills owned by other companies because carbonless paper manufactured by NCR was allegedly purchased by those mills as a raw material for their paper making processes. NCR sold the facilities in 1978 to Appleton Papers Inc. (API), which has also been identified as a PRP. The other Fox River PRPs that received notices are P.H. Glatfelter Company, Georgia-Pacific Consumer Products LP (GP, successor to Fort James Operating Company), WTM I Co. (formerly Wisconsin Tissue Mills, now owned by Chesapeake Corporation), CBC Corporation (formerly Riverside Paper Corporation), U.S. Paper Mills Corp. (owned by Sonoco Products Company), and Menasha Corporation.

In the October 2010 lawsuit discussed below, the federal and state governments assert certain claims against the eight parties referenced above as well as four other entities. These claims, filed under CERCLA and other statutes, relate to the presence of PCBs at the Fox River site, and as a result the four newly named parties are also properly viewed as PRPs with respect to the site. Those entities are NewPage Wisconsin Systems, Inc., Neenah-Menasha Sewerage Commission, Kimberly-Clark Corporation, and the City of Appleton, Wisconsin.

During the past several years, the United States Environmental Protection Agency (USEPA) and Wisconsin Department of Natural Resources (WDNR) (together, the Governments) assessed and developed clean-up plans for the upper and lower parts of the Fox River and for portions of the Bay of Green Bay, contained in various Records of Decisions (RODs) issued in January 2003, July 2003 and June 2007 (the last is referred to as the Amended ROD). In general, the clean-up plan or remedy calls for a combination of dredging and capping to remediate the sediments in the river, and for monitored natural attenuation in the Bay of Green Bay. Since 2004, the Company has been involved in certain aspects of the clean-up project, including performance, with GP, of engineering design work for the clean-up under an Administrative Order on Consent (AOC) entered into with the Governments. In addition, the Company, with U.S. Paper Mills, performed specific remedial action involving an area of elevated PCB incidence downriver of the De Pere Dam (Phase 1 work), pursuant to a consent decree with the Governments that was approved in November 2006.

On November 13, 2007, the Governments issued a unilateral administrative order (Order) under Section 106 of CERCLA to all eight of the original PRPs identified above. The Order requires these PRPs to implement the remedial work in the lower river in accordance with the requirements of the Amended ROD. NCR and API are working with the Governments to implement certain provisions of the Order. In-water work began on schedule in April 2009, following construction of a facility to house the remediation operations in Green Bay, Wisconsin.

In April 2009, the NCR Board of Directors approved the terms of a contract with Tetra Tech, an environmental remediation contractor, to perform the remediation work at the Fox River consistent with the requirements of the Amended ROD. Also in April 2009, the Board of Directors approved the formation of a limited liability company (LLC), which NCR and API formed on April 27, 2009, for purposes of, among other things, entering into the Tetra Tech remediation contract. Other PRPs may join the LLC in the future, if and as they enter into settlements or otherwise agree to join in funding the remediation efforts. The LLC entered into the remediation contract with Tetra Tech on April 27, 2009, and in-water dredging and remediation by Tetra Tech commenced thereafter. The Company and API fund the LLC's operations on a regular basis tied to the remediation schedule, consistent with the Company's Fox River reserve, discussed below. The Tetra Tech contract also requires that the LLC members provide promissory notes to provide Tetra Tech financial assurance against the prospect that the LLC will terminate the contract before completion of the remediation for reasons other than "cause." The current maximum obligation under the Company's note, originally \$20 million, is now approximately \$16 million; the amount will vary based on a formula tied to conditions set forth in the contract, and generally is expected to decrease over time.

NCR and API share a portion of the cost of the Fox River clean-up and natural resource damages based upon an agreement and an arbitration award, both arising out of the previously referenced 1978 sale of certain facilities located on the Fox River. The agreement and award result 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.

In 2008, NCR and API filed a lawsuit in federal court in Green Bay, Wisconsin, seeking a judicial ruling determining the allocable responsibility of several PRPs for the cost of performing the remedial work at the Fox River (the "allocation litigation"). As of March 31, 2011, there were a total of 28 defendants in that case and a companion consolidated case. A number of counterclaims seeking contribution under CERCLA and under various state law theories were filed against NCR and

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API. On September 23, 2008, the court issued a Case Management Decision and Scheduling Order setting a “Phase I trial” limited to the questions of (i) when each party knew or should have known that recycling NCR-brand carbonless copy paper would result in the discharge of PCBs to a waterbody, thereby risking environmental damage; and (ii) what, if any, actions each party took upon acquiring such knowledge to avoid the risk of further PCB contamination. The court’s order also limited initial discovery proceedings to the same questions.

On December 16, 2009, the court issued a ruling canceling the Phase I trial and granting motions for summary judgment filed by certain of the defendants with respect to NCR’s and API’s claims. The court held that NCR and API could not recover from these defendants any costs that NCR and API have incurred in the Fox River cleanup (the ruling does not affect the Governments’ potential claims against such parties). The court based this ruling on a finding that NCR should have known, in the late 1960s, that the use of PCBs in carbonless copy paper presented an “appreciable risk of serious and long-lasting damage,” whereas, it concluded, defendants did not know of PCB risks until after the majority of PCBs were released to the river. The court’s ruling was also based on a finding that because NCR chose to use and introduce PCBs into the stream of commerce, it should bear the financial consequences of that decision. In a further ruling dated February 28, 2011, the court granted partial summary judgment to the defendants on certain of their contribution counterclaims against NCR and API, with respect to certain Fox River response costs incurred by them. The Company intends to appeal both rulings to the United States Court of Appeals for the Seventh Circuit, and has filed a request, which is currently pending, that it be allowed to pursue an immediate appeal. Otherwise, the Company currently does not expect to be able to prosecute an appeal on either ruling until the remaining claims in the litigation are resolved, which is expected to occur in a trial now scheduled for February 2012.

In 2009, the Governments filed a separate action in the Wisconsin federal court to lodge and seek approval of two consent decrees involving twelve of the defendants in the allocation litigation (none of whom are recipients of the Order). The consent decrees, if finally approved, would require a total payment from the settling parties of approximately \$2 million and in exchange would provide protection against claims for contribution under Section 113 of CERCLA (including claims by NCR/API). NCR/API intervened in this action and formally opposed entry of the consent decrees, principally on the ground that insufficient investigation had been performed by the Governments to determine whether the proposed settlements were fair, reasonable and adequate under CERCLA. On December 16, 2009 and April 20, 2010, the judge presiding over the allocation litigation approved the consent decrees. NCR/API appealed both of these rulings to the United States Court of Appeals for the Seventh Circuit and the matter was argued on January 12, 2011. A decision is pending.

On October 14, 2010, the Governments filed a lawsuit in federal court in Wisconsin against twelve parties, including the companies named in the 2007 Order mandating the cleanup (i.e., the eight original PRPs), and NewPage Wisconsin Systems, Inc., Neenah-Menasha Sewerage Commission, Kimberly-Clark Corporation, and the City of Appleton, Wisconsin (the four additional PRPs), with respect to the presence of PCBs at the Fox River. The Government suit seeks payment of the Governments’ unreimbursed response costs in connection with the Fox River matter as well as compensation for natural resource damages. The Governments also request a judicial declaration that the eight Order recipients are required to comply with its provisions. With respect to NCR, there are no claims asserted against the Company in this new lawsuit that were not previously contemplated in the Company’s Fox River reserve, as discussed herein.

In the quarter ended December 31, 2010, the Governments publicly announced proposed monetary settlements of Fox River - related claims with four entities: GP, Brown County (Wisconsin), the City of Green Bay, and the United States itself (with respect to potential liabilities asserted against the Army Corps of Engineers for certain dredging and disposal activities, and against other federal agencies for certain carbonless copy paper recycling activities). All of those entities are defendants in the allocation litigation case described above. The GP settlement, if finally approved, would release GP from liability for, and provide contribution protection for claims relating to government oversight costs and claims relating to clean-up actions upriver of GP’s facilities (it does not affect claims for clean-up actions in that portion of the river near those facilities). The settlement with Brown County, the City of Green Bay and the United States would release the entities and provide contribution protection for all claims relating to the Fox River site. The Company filed administrative objections to the proposed settlement with GP, and with respect to the settlement with the United States and Brown County and the City of Green Bay. In April 2011, the Wisconsin federal court approved the GP consent decree over the Company’s objection. In March 2011, the federal government filed a motion for a preliminary injunction against NCR and API in its October 2010 suit. The motion seeks an injunction ordering the two companies, through the LLC, to perform particular aspects of a remediation work plan in 2011 as set forth by the Governments. A decision on the injunction motion, which affects only work for 2011 is expected in May of 2011. NCR and API did commence 2011 remediation work on April 18, 2011.

The extent of NCR’s potential liability remains subject to many uncertainties. NCR’s eventual remediation liability—which is expected to be paid out over a period extending through at least approximately 2019, followed by long-term monitoring for several decades—will depend on a number of factors. In general, the most significant factors include: (1) the total clean-up costs for each of the segments of the river; (2) the total natural resource damages for the site; (3) the shares NCR and API will jointly bear of future clean-up costs and natural resource damages; (4) the share NCR will bear of the joint NCR/API payments

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for such clean-up costs and natural resource damages; and (5) NCR's transaction and litigation costs to defend itself in this matter, including participation in the allocation litigation and the October 2010 litigation filed by the Governments. In establishing the reserve, NCR attempts to estimate a range of reasonably possible outcomes for each of these factors, although each range is itself highly 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. These factors are discussed below.

For the first factor described above, NCR utilizes a best estimate of \$930 million as the total of the clean-up costs for the segments of the river. The estimated total cost amount of \$930 million includes estimates for the Operable Unit (OU) 1 through OU 5 work, including the remaining amount of work to be performed under the April 2009 Tetra Tech remediation contract, the Phase 1 work and the remedial design work. It adds to these estimates a 15% contingency for probable cost overruns based on historical experience; an estimate for the Governments' future oversight costs; an amount for the Governments' past oversight costs; an estimate for long-term monitoring extending over several decades; and an estimate for value engineering savings (potential projects intended to reduce the cost of the remediation) and the NCR-API share of estimated natural resource damages. There can be no assurances that this estimated total cost amount will not be significantly higher as remediation work progresses. A range of reasonably possible outcomes with respect to total cost is difficult to state, but if the portion of the cost estimate relating to the contingency for cost overruns and unexpected expenses were twice our estimate, the total cost would increase to approximately \$986 million.

Second, for total natural resource damages (NRD), NCR uses a best estimate of \$76 million. NCR believes the range of reasonably possible outcomes for NRD, if it were to be litigated, is between zero and \$246 million. The federal government indicated, in a 2009 filing in a PRP's bankruptcy proceeding, that claims for NRD could be as high as \$382 million. The litigation filed in October 2010 does not set forth a particular amount for the NRD claim.

Third, for the NCR/API share of NRD, which is discussed above, NCR uses a best estimate. The joint NCR/API share of future clean-up costs is expected to be determined in the allocation litigation or possibly in or as a result of the Government litigation filed in October 2010. NCR has modified the basis previously used for this component of the reserve (in the past, the Company used the low end of a range of outcomes, based primarily on the proximity of areas to be remediated to the locations at which PCBs were released into the river). In light of the Wisconsin federal court's December 16, 2009 and February 28, 2011 rulings described above, NCR's reserve at March 31, 2011 assumed that NCR and API will be responsible for the full extent of the cleanup activities they are undertaking, which the Company considers a best estimate, and for a substantial portion of the counterclaims filed against NCR and API, as to which the Company employs assumptions based on the court's February 28, 2011 ruling. If the Company is subsequently ruled liable for remaining claims in the allocation litigation, the Company estimates that its reserve could increase by up to an additional \$17 million. The Company will seek to overturn the trial court's rulings on appeal, and believes that the NCR/API allocable share of total site costs is less than 100%, based on equitable factors, principles of divisibility as developed under applicable law, and/or an apportionment of the claimed harm. Until such time, if any, that such a result is achieved, the Company assumes in its reserve that NCR and API will pay for the full extent of the cleanup. At this point the Company is unable to determine whether the defendants in the allocation litigation will pay portions of the Fox River liability and, if so, in what amount. NCR's reserve does not at present assume any payments or reduction of exposure based either on the appeal or on Government enforcement against the other Order recipients or defendants.

Fourth, for the NCR share of the joint NCR/API payments, as discussed above, NCR's percentage share is set by an agreement between NCR and API and a subsequent arbitration award, both of which arise out of certain agreements entered into in connection with the Company's 1978 sale of the facilities on the Fox River to API. NCR's analysis of this factor assumes that API pays its percentage share of the NCR/API joint share. Additionally, the API obligation to NCR is shared on a joint and several basis by a third party, B.A.T. Industries p.l.c., which, by virtue of various prior indemnification and other agreements not specifically directed to the Fox River matter, is a co-party to the same agreement and arbitration award. This analysis also assumes that B.A.T. Industries p.l.c. would be financially viable and willing to pay the joint and several obligation if API does not. As a result of unrelated prior corporate transactions, API itself is indemnified by another company, Arjo Wiggins Appleton Ltd., which has funded and managed API's liability to date.

Finally, NCR estimated the transaction costs it is likely to incur to defend this matter through 2019, the time period NCR's engineering consultants believe it will take to implement the remedy for the river. This estimate is based on an analysis of NCR's costs since this matter first arose in 1995 and estimates of what NCR's defense and transaction costs will be in the future. NCR expects that the bulk of these transaction costs have been and will be incurred in the 2008-2012 time period. The costs incurred and expected to be incurred during that period include, in particular, transaction costs and fees related to completion of the design work, equipment purchases, commencement and continuation of clean-up activities in the river, and the allocation litigation and October 2010 litigation filed by the Governments discussed above.

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In light of several factors—among them, the remedial design work conducted by NCR and GP; settlement possibilities (including both group and individual settlements for some entities and the consent decrees the Governments are seeking with respect to certain parties); the efforts to implement the Order for clean-up of the lower river; the pending allocation litigation and the prospective appeals referenced above, whether there will be judicial recognition of allocable harm at the Fox River site and thus of divisible shares of liability among the various parties; the extent to which the Governments press claims against the parties in the Governments' October 2010 litigation or otherwise for NRD, government oversight costs and remediation liability; change orders or cost overruns that may result from the ongoing remediation efforts; the continued viability and willingness to pay of NCR's various indemnitors and co-obligors; and the subsequent value engineering efforts designed to make the cleanup more efficient and less costly—calculation of the Company's Fox River reserve has become subject to added layers of complexities, and it is possible there could be additional changes to some elements of the reserve over upcoming periods, although we are unable to predict or estimate such changes at this time. There can be no assurance that the clean-up and related expenditures will not have a material effect on NCR's capital expenditures, earnings, financial condition, cash flows, or competitive position.

As of March 31, 2011, the net reserve for the Fox River matter was approximately \$196 million, compared to \$199 million as of December 31, 2010. This decrease in the reserve is due to payments for clean-up activities and legal fees offset by a decrease in the indemnification asset discussed below. NCR regularly re-evaluates the assumptions used in determining the appropriate reserve for the Fox River matter as additional information becomes available and, when warranted, makes appropriate adjustments. NCR contributes to the LLC in order to fund remediation activities and generally, by contract, funds three months' worth of remediation activities in advance. As of March 31, 2011 and December 31, 2010, approximately \$4 million and \$5 million, respectively, remained from this funding and was recorded in other current assets in the Condensed Consolidated Balance Sheet. NCR's reserve for the Fox River matter is reduced as the LLC makes payments to Tetra Tech and other vendors with respect to remediation activities.

Under a 1996 agreement, AT&T and Alcatel-Lucent 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. (The agreement governs certain aspects of AT&T Corp.'s divestiture of NCR, then known as AT&T Global Information Solutions Company, and of what was formerly known as Lucent Technologies, and specifically relates to shared contingent gains and liabilities of the former constituent companies within AT&T.) NCR's estimate of what AT&T and Alcatel-Lucent will pay under the indemnity is recorded as a long-term asset of approximately \$85 million as of March 31, 2011 and \$86 million as of December 31, 2010, and is deducted in determining the net reserve discussed above. The asset balance can fluctuate not only with respect to total clean-up and other costs, but also with respect to insurance recoveries and certain tax impacts as measured by a contractual formula using prior-year effective tax rates. Such insurance recoveries and tax impacts are netted against the asset in proportions specified under the indemnity agreement (i.e., they typically decrease its amount). Insurance recoveries, whether by judgment or settlement, are the subjects of ongoing litigation, which is now nearly concluded, and have the effect of reducing the Company's expected receipts under the indemnity, and therefore insurance recoveries are not expected to materially reduce the Company's aggregate expenditures for the Fox River matter. The tax impact within the indemnity calculation is subject to substantial volatility regarding the Company's effective tax rate from year to year, rendering the future tax impacts highly uncertain. When actual payments, net of insurance recoveries and tax impacts, reach the indemnity threshold, the Company expects to commence collection of the related portions of the asset. The Company currently does not expect to achieve the threshold before late 2011 or 2012.

In connection with the Fox River and other matters, through March 31, 2011, NCR has received a combined total of approximately \$152 million in connection with settlements reached with its principal insurance carriers; an additional \$10 million is expected to be received in the future under the contractual terms of some of the settlements. Portions of most of these settlements 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. Of the total amount collected to date, \$9 million is subject to competing claims by another party, and NCR and the other party have agreed that these funds will be used for Fox River costs and will be shared on an agreed-upon basis (subject to reallocation at a later date). NCR's agreed-upon share of the \$9 million is estimated to be \$4 million.

As of March 31, 2011, NCR had reached settlement with all but one of the insurance companies against which it had advanced claims with respect to the Fox River. That remaining company entered into certain stipulations which obviated the need for a trial and caused judgment to be entered against it in the amount of \$5 million; an appeal is pending.

In November 2010, the United States Environmental Protection Agency (EPA) 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 parties - International Paper, Mead Corporation, and Consumers Energy - also received general notice letters at or about the same time.) EPA asserts that the site is contaminated by various substances, primarily PCBs as a result of discharges by

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various paper mills located along the river. EPA does not claim that the Company made direct discharges into the Kalamazoo River, but 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." EPA 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." The Company disagrees that it may have liability at the Kalamazoo River Site, and will dispute such claims if formally asserted by the EPA.

Also in connection with the Kalamazoo River Site, in December 2010 the Company, along with International Paper Company, was sued in Wisconsin federal court by three GP entities in a contribution and cost recovery action for alleged pollution at the site. The suit asks that the Company pay a "fair portion" of the GP entities' costs, which are represented as \$79 million to date; various removal and remedial actions remain to be performed at the Kalamazoo site. The suit alleges that the Company is liable as an "arranger" under CERCLA and under other theories. The suit does not allege that the Company has made direct discharges into the Kalamazoo River. Substantial litigation over the Kalamazoo River Site took place several years ago in federal courts in Michigan; the Company was not a party to that litigation, and has filed a motion to transfer the case to the Michigan federal court. The Company expects to contest the allegations in the GP suit vigorously.

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 primarily on internal and third-party environmental studies (except for the Fox River site, where the estimated costs and natural resource damages are estimated as described above), estimates as to the number and participation level of any other PRPs, the extent of the contamination, 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 insurance, third-party indemnity claims or recoveries from the other PRPs, except as qualified in the following sentences. Except for the sharing agreement with API described above with respect to the Fox River site, in those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectibility of such amounts is probable, the amounts are recorded in the Condensed Consolidated Financial Statements. For the Fox River site, as described above, an asset relating to the AT&T and Alcatel-Lucent indemnity is recorded because payment is considered probable and is supported by contractual agreements.

Guarantees and Product Warranties Guarantees associated with NCR's business activities are reviewed for appropriateness and impact to the Company's financial statements. As of March 31, 2011 and December 31, 2010, NCR had no obligations related to such guarantees, and therefore its 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 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 three months ended March 31 as follows:

| <u>In millions</u> | <u>2011</u> | <u>2010</u> |
|-----------------------------------|--------------|--------------|
| Warranty reserve liability | | |
| Beginning balance as of January 1 | \$ 24 | \$ 25 |
| Accruals for warranties issued | 8 | 10 |
| Settlements (in cash or in kind) | (11) | (12) |
| Ending balance as of March 31 | <u>\$ 21</u> | <u>\$ 23</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. Additionally, on limited occasions the Company will undertake non-contractual indemnification 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

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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, payments made by the Company under these types of agreements have not had a material effect on the Company's condensed consolidated financial condition, results of operations or cash flows.

7. INCOME TAXES

Income tax provisions for interim (quarterly) periods are based on estimated annual income taxes calculated separately from the effect of significant infrequent or unusual items. Income tax represented expense of \$1 million for the three months ended March 31, 2011 compared to a benefit of \$1 million for the three months ended March 31, 2010. The increase in the income tax expense in the three months ended March 31, 2011 as compared to the prior period was primarily due to increased pre-tax income over the prior year. Additionally, the change in tax expense is driven by the mix of jurisdictions with income and losses and by net favorable adjustments related to uncertain tax positions.

8. EARNINGS PER SHARE AND SHARE REPURCHASES

Basic earnings per share is calculated by dividing net income or loss attributable to NCR by the weighted average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic earnings per share, except that the weighted average number of shares outstanding includes the dilution from potential shares added from stock options and unvested restricted stock awards. The holders of unvested restricted stock awards do not have nonforfeitable rights to dividends or dividend equivalents and therefore, such unvested awards do not qualify as participating securities.

For the three months ended March 31, 2010, due to the net loss from continuing operations, potential common shares that would cause dilution, such as stock options and restricted stock, have been excluded from the diluted share count because their effect would have been anti-dilutive. For the three months ended March 31, 2010, 1.2 million shares were excluded and fully diluted shares would have been 161.1 million shares.

The components of basic and diluted earnings per share are as follows:

| In millions, except per share amounts | Three months ended March 31, | |
|---|------------------------------|-----------|
| | 2011 | 2010 |
| Amounts attributable to NCR common stockholders: | | |
| Income (loss) from continuing operations | \$ 10 | \$ (19) |
| Income from discontinued operations, net of tax | 3 | — |
| Net income (loss) applicable to common shares | 13 | (19) |
| Weighted average outstanding shares of common stock | 159.2 | 159.9 |
| Dilutive effect of employee stock options and restricted stock | 2.5 | — |
| Common stock and common stock equivalents | 161.7 | 159.9 |
| Earnings (loss) per share attributable to NCR common stockholders: | | |
| Basic earnings (loss) per share: | | |
| From continuing operations | \$ 0.06 | \$ (0.12) |
| From discontinued operations | \$ 0.02 | \$ — |
| Net earnings (loss) per share (Basic) | \$ 0.08 | \$ (0.12) |
| Diluted earnings (loss) per share: | | |
| From continuing operations | \$ 0.06 | \$ (0.12) |
| From discontinued operations | \$ 0.02 | \$ — |
| Net earnings (loss) per share (Diluted) | \$ 0.08 | \$ (0.12) |

Options to purchase approximately 2.6 million and 6.4 million shares of common stock for the three months ended March 31, 2011 and 2010, respectively, were outstanding but were not included in the diluted share count because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would have been anti-dilutive.

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For the three months ended March 31, 2011, the Company repurchased approximately 1.8 million shares of its common stock for \$35 million. Upon repurchase, shares are retired. The Company did not repurchase shares during the three months ended March 31, 2010.

9. SEGMENT INFORMATION AND CONCENTRATIONS

Effective January 1, 2011, NCR reorganized its businesses and management thereof to a line of business model, changing from the previous functional geographic model. In order to align the Company's external reporting of its financial results with this organizational change, the Company modified its segment reporting. The Company now manages and reports its businesses in the following four segments:

- **Financial Services** - We offer solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM and payment processing hardware and software, and related installation, maintenance and managed and professional services. We also offer a complete line of printer consumables.
- **Retail and Hospitality** - We offer solutions to customers in the retail and hospitality industries designed to improve selling productivity and checkout processes as well as increase service levels. These solutions primarily include retail-oriented technologies, such as Point of Sale (POS) terminals and bar-code scanners as well as innovative self-service kiosks, such as self-checkout. We also offer installation, maintenance, and managed and professional services and a complete line of printer consumables.
- **Entertainment** - We offer solutions that are dedicated to providing the consumer the ability to rent or buy movies at their convenience through the use of self-service kiosks which we own and operate. This segment operates primarily in North America.
- **Emerging Industries** - We offer maintenance and managed and professional services for third-party computer hardware provided to select manufacturers, primarily in the telecommunications industry, who value and leverage our global service capability. Also included in our Emerging Industries segment are solutions designed to enhance the customer experience which include self-service kiosks to the travel and gaming and healthcare industries, as well as related installation, maintenance, and managed and professional services.

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.

We have reclassified our prior period segment information to conform to the current period presentation. 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.

In recognition of the volatility of the effects of pension expense on our segment results, and to maintain operating focus on business performance, pension expense, as well as other significant, non-recurring 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 March 31, | |
|--|------------------------------|----------------|
| | 2011 | 2010 |
| Revenue by segment | | |
| Financial Services | \$ 592 | \$ 573 |
| Retail and Hospitality | 376 | 358 |
| Entertainment | 37 | 18 |
| Emerging Industries | 90 | 80 |
| Consolidated revenue | 1,095 | 1,029 |
| Operating income (loss) by segment | | |
| Financial Services | 47 | 33 |
| Retail and Hospitality | 11 | 5 |
| Entertainment | (15) | (12) |
| Emerging Industries | 14 | 17 |
| Subtotal - segment operating income | 57 | 43 |
| Pension expense | 51 | 56 |
| Other adjustments ⁽¹⁾ | — | 5 |
| Income (loss) from operations | \$ 6 | \$ (18) |

(1) Other adjustments in the three months ended March 31, 2010 included \$5 million for incremental costs directly related to the relocation of the worldwide headquarters.

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

| In millions | Three months ended March 31, | |
|--|------------------------------|-----------------|
| | 2011 | 2010 |
| Product revenue | \$ 494 | \$ 468 |
| Professional and installation services revenue | 137 | 118 |
| Total solution revenue | 631 | 586 |
| Support services revenue | 464 | 443 |
| Total revenue | \$ 1,095 | \$ 1,029 |

10. FAIR VALUE OF ASSETS AND LIABILITIES

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets recorded at fair value on a recurring basis as of March 31, 2011 are set forth as follows:

| In millions | Fair Value as of March 31, 2011 | Fair Value Measurements at Reporting Date Using | | |
|--|------------------------------------|---|---|---|
| | | 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 funds* | \$142 | \$142 | \$— | \$— |
| Available for sale securities** | 10 | 10 | — | — |
| Foreign exchange forward contracts *** | 1 | — | 1 | — |
| Total | \$153 | \$152 | \$1 | \$— |
| Liabilities: | | | | |
| Foreign exchange forward contracts**** | \$5 | \$— | \$5 | \$— |
| Total | \$5 | \$— | \$5 | \$— |

* Included in Cash and cash equivalents in the Condensed Consolidated Balance Sheet.

** Included in Other assets in the Condensed Consolidated Balance Sheet.

*** Included in Accounts receivable, net in the Condensed Consolidated Balance Sheet.

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

**** Included in Other current liabilities in the Condensed Consolidated Balance Sheet.

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

Available-For-Sale Securities - The Company has investments in mutual funds and equity securities that are valued using the market approach with quotations from the NASDAQ stock exchange and two stock exchanges in Japan. As a result, available-for-sale securities are classified within Level 1 of the valuation hierarchy.

Foreign Exchange Forward 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 contracts. The foreign exchange forward 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

NCR measures certain assets, including intangible assets and cost and equity method investments, at fair value on a non-recurring basis. These assets are recognized at fair value when initially valued and when deemed to be impaired. No impairment charges or material non-recurring fair value adjustments were recorded during the three months ended March 31, 2011 or March 31, 2010.

11. DEBT OBLIGATIONS

As of March 31, 2011, the Company's long term debt was \$10 million. The Company's long-term debt consists primarily of \$5 million in notes payable originating in the United States and \$4 million related to the capital lease obligation described below. The \$5 million in notes payable mature in 2020 and bear interest at a rate of 9.49% per annum.

Industrial Revenue Bond - During 2010, NCR entered into a transaction with the Development Authority of Columbus, Georgia (the Development Authority). The transaction resulted in the issuance of approximately \$5 million in taxable revenue bonds by the Development Authority. The Development Authority used the proceeds to purchase a manufacturing facility consisting of a building and fixtures. NCR and the Development Authority entered into a lease agreement, whose terms provide NCR with a ten year lease of the facility for manufacturing purposes. Under the terms of the lease agreement, the rental payments made by NCR will be utilized by the Development Authority to repay the principal and interest (at a rate of 5%) of the bonds and NCR will have the option of acquiring the facility for a nominal amount at the end of the lease term. Based on the terms of the lease agreement, the transaction was accounted for as a capital lease, which resulted in the capitalization of the purchase price of the facility as an asset and recording of the capital lease obligation as long-term debt. The unamortized amount of the capital lease obligation included in long-term debt as of March 31, 2011 is \$4 million.

Revolving Credit Facility - Our \$500 million, five-year unsecured revolving credit facility contains certain representations and warranties; conditions; affirmative, negative and financial covenants; and events of default customary for such facilities. NCR was in compliance with these covenants as of March 31, 2011. The key financial covenants include a total debt to consolidated EBITDA requirement for the period of four consecutive fiscal quarters not to exceed 3.00 to 1.00 and a minimum cash interest coverage ratio for the period of four consecutive fiscal quarters of not less than 4.00 to 1.00. The credit facility provides a grid-based interest rate that determines the margin charged in addition to the London Interbank Offered Rate (LIBOR) on borrowings. The rate is based on several factors including the credit rating of the Company and the amount of the Company's aggregate borrowings under the facility. As of March 31, 2011, LIBOR margin would have been 42.5 basis points. Additionally, the facility allows a portion of the availability to be used for outstanding letters of credit. As of March 31, 2011 and December 31, 2010, no amount was outstanding under the facility; however, the maximum borrowing available was reduced by \$21 million as a result of NCR's usage of letters of credit.

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

Fair Value of Debt – The fair value of debt is based on a discounted cash flow model that incorporates a market yield curve based on the Company’s credit rating with adjustments for duration. As of March 31, 2011 and December 31, 2010, the fair value of debt was \$13 million.

12. 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. Due to our global operations, weakness in some of these currencies is sometimes offset by strengths in others. Since a substantial portion of our operations and revenues occur outside the United States (U.S.), and in 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 Sheet. The Company designates foreign exchange contracts as cash flow hedges of forecasted inter-company inventory purchases when they are determined to be highly effective at inception.

Our risk management strategy includes hedging, on behalf of each subsidiary, 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 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. As these transactions are firmly committed and forecasted, the related foreign exchange contracts are designated as highly effective cash flow hedges. The gains or losses on these hedges are deferred in AOCI and reclassified to income when the underlying hedged transaction has been completed and is recorded in earnings. As of March 31, 2011, the balance in AOCI related to foreign exchange forward derivative transactions was a loss of \$2 million, net of tax, all of which related to instruments expiring in 2011. 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 generally 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.

Interest Rate Risk

Interest rate risk associated with our borrowings is not considered material to our consolidated financial position, results of operations or cash flows as of March 31, 2011 based on the level of current borrowings and maturity dates. As such, we held no derivative financial instruments related to interest rate risk as of March 31, 2011.

NCR Corporation
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 | | | | | |
|--|---------------------------------------|--------------------|---------------|---|--------------------|---------------|
| | Asset Derivatives March 31, 2011 | | | Liability Derivatives March 31, 2011 | | |
| | Balance Sheet Location | Notional Amount | Fair Value | Balance Sheet Location | Notional Amount | Fair Value |
| Derivatives designated as hedging instruments | | | | | | |
| Foreign exchange forward contracts | Accounts receivable, net | \$ 34 | \$ — | Other current liabilities | \$ 131 | \$ 3 |
| Total derivatives designated as hedging instruments | | | \$ — | | | \$ 3 |
| Derivatives not designated as hedging instruments | | | | | | |
| Foreign exchange forward contracts | Accounts receivable, net | \$ 18 | \$ 1 | Other current liabilities | \$ 52 | \$ 2 |
| Total derivatives not designated as hedging instruments | | | \$ 1 | | | \$ 2 |
| Total derivatives | | | \$ 1 | | | \$ 5 |

| In millions | Fair Values of Derivative Instruments | | | | | |
|--|--|--------------------|---------------|--|--------------------|---------------|
| | Asset Derivatives December 31, 2010 | | | Liability Derivatives December 31, 2010 | | |
| | Balance Sheet Location | Notional Amount | Fair Value | Balance Sheet Location | Notional Amount | Fair Value |
| Derivatives designated as hedging instruments | | | | | | |
| Foreign exchange forward contracts | Accounts receivable, net | \$96 | \$7 | Other current liabilities | \$105 | \$2 |
| Total derivatives designated as hedging instruments | | | \$7 | | | \$2 |
| Derivatives not designated as hedging instruments | | | | | | |
| Foreign exchange forward contracts | Accounts receivable, net | \$79 | \$2 | Other current liabilities | \$70 | \$1 |
| Total derivatives not designated as hedging instruments | | | \$2 | | | \$1 |
| Total derivatives | | | \$9 | | | \$3 |

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

The effect of derivative instruments on the Condensed Consolidated Statement of Operations for the three months ended March 31, 2011 and March 31, 2010 were as follows:

| In millions | Amount of Gain (Loss) Recognized in Other Comprehensive Income (OCI) on Derivative (Effective Portion) | | 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 (Effective Portion) | | Location of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations (Ineffective Portion and Amount Excluded from Effectiveness Testing) | |
|--|--|---|--|--|---|---|---|---|
| | For the three months ended March 31, 2011 | For the three months ended March 31, 2010 | | For the three months ended March 31, 2011 | For the three months ended March 31, 2010 | | For the three months ended March 31, 2011 | For the three months ended March 31, 2010 |
| Derivatives in Cash Flow Hedging Relationships | | | | | | | | |
| Foreign exchange forward contracts | \$(7) | \$1 | Cost of Products | \$— | \$— | Other income (expense) | \$— | \$— |

| 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 | |
|-------------|---|--|--|---|
| | | | For the three months ended March 31, 2011 | For the three months ended March 31, 2010 |
| | Foreign exchange forward contracts | Other income (expense) | \$(1) | \$— |
| | Foreign exchange forward contracts | Cost of products | \$— | \$— |

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 March 31, 2011, NCR did not have any major concentration of credit risk related to financial instruments.

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

Overview

As more fully discussed in later sections of this MD&A, the following were the significant events for the first quarter of 2011:

- Revenue increased approximately 6% from the prior year period;
- Reorganization to a line of business reporting model to align with our operational organization;
- Cash flow from operations increased \$22 million for the three months ended March 31, 2011 as compared to the same period in the prior year; and
- NCR continued to realize the benefits of our cost reduction initiatives.

In the first quarter of 2011, we continued to pursue our core strategic initiatives to provide maximum value to our stakeholders. The strategic initiatives and actions we are taking in 2011 are as follows:

- *Gain profitable share* - We seek to optimize our investments in demand creation to increase NCR's market share in areas with the greatest potential for profitable growth, which include opportunities in self-service technologies with our core financial services and retail customers. We also seek to expand and strengthen our geographic presence and sales coverage in addition to penetrating adjacent single and multi-channel self-service solution segments.
- *Expand into emerging growth industry segments* - We are focused on broadening the scope of our self-service solutions from our existing customers to expand these solution offerings to customers in newer industry-vertical markets including travel and gaming, healthcare, and entertainment. We expect to grow our business in these industries through integrated service offerings in addition to targeted acquisitions and strategic partnerships. Additionally, we continue to expand our network of DVD kiosks within our entertainment business.
- *Build the lowest cost structure in our industry* - We strive to increase the efficiency and effectiveness of our core functions and the productivity of our employees through our continuous improvement initiatives.
- *Enhance our global service capability* - We continue to identify and execute various initiatives to enhance our global service capability. We also focus on improving our service positioning, increasing customer service attach rates for our products and improving profitability in our services business. Our service capability can provide us a competitive advantage in winning customers and it provides NCR with an attractive and stable revenue source.
- *Innovation of our people* - We are committed to solution innovation across all customer industries. Our focus on innovation has been enhanced by the integration of NCR Services into our Industry Solutions Group, as well as a model to apply best practices across all industries through one centralized research and development organization and one business decision support function. Innovation is also driven through investments in training and developing our employees by taking advantage of our new world-class training centers. We expect that these steps and investments will accelerate the delivery of new innovative solutions focused on the needs of our customers and changes in consumer behavior.
- *Enhancing the customer experience* - We are committed to providing a customer experience to drive loyalty focusing on product and software solutions based on the needs of our customers and sales and support service teams focused on delivery and customer interactions. During 2010, we launched the Customer Loyalty Survey to measure our current state and set a course for our future state where we aim to continuously improve with solution innovations as well as through the execution of our service delivery programs.

We expect to continue with these initiatives for the remainder of 2011 and beyond, as we refine our business model and position the Company for growth and profitability.

Results from Operations

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

The following table shows our results for the three months ended March 31:

| In millions | Three months ended March 31, | |
|--|------------------------------|---------|
| | 2011 | 2010 |
| Revenue | \$1,095 | \$1,029 |
| Gross margin | \$210 | \$191 |
| Gross margin as a percentage of revenue | 19.2% | 18.6% |
| Operating expenses | | |
| Selling, general and administrative expenses | \$164 | \$170 |
| Research and development expenses | 40 | 39 |
| Income (loss) from operations | \$6 | \$(18) |

The following table shows our revenues and gross margins from products and services for the three months ended March 31:

| In millions | Three months ended March 31, | |
|--|------------------------------|-------|
| | 2011 | 2010 |
| Product revenue | \$494 | \$468 |
| Cost of products | 404 | 383 |
| Product gross margin | \$90 | \$85 |
| Product gross margin as a percentage of revenue | 18.2% | 18.2% |
| Services revenue | \$601 | \$561 |
| Cost of services | 481 | 455 |
| Services gross margin | \$120 | \$106 |
| Services gross margin as a percentage of revenue | 20.0% | 18.9% |

The following table shows our revenues by theater for the three months ended March 31 :

| In millions | 2011 | % of Total | 2010 | % of Total | % Increase (Decrease) | % Increase (Decrease) Constant Currency |
|--|----------------|-------------|---------|------------|-----------------------|---|
| Brazil, India, China and Middle East Africa (BICMEA) | \$181 | 17% | \$154 | 15% | 18% | 17% |
| North America | 436 | 40% | 419 | 41% | 4% | 3% |
| Europe | 309 | 28% | 294 | 28% | 5% | 4% |
| Japan Korea | 68 | 6% | 69 | 7% | (1)% | (10)% |
| South Asia Pacific | 60 | 5% | 58 | 6% | 3% | (5)% |
| Caribbean Latin America (CLA) | 41 | 4% | 35 | 3% | 17% | 14% |
| Consolidated revenue | \$1,095 | 100% | \$1,029 | 100% | 6% | 4% |

Revenue

In the three months ended March 31, 2011 compared to the three months ended March 31, 2010, revenue increased 6% due to higher volumes for both product sales and services revenue in the BICMEA (defined as Brazil, India, China and Middle East Africa), North America and Europe theaters. Foreign currency fluctuations favorably impacted the quarter-over-quarter comparison by 2%. Our product revenue increased 6% and our services revenue increased 7% quarter-over-quarter.

Revenue in the BICMEA theater increased primarily due to growth in products and services in the financial services line of business. Revenue in the North America theater increased due to growth in the entertainment line of business offset by decreases in products and services in the financial services line of business. Revenue in the Europe theater increased due to growth in products and services in the retail and hospitality line of business.

Gross Margin

Gross margin as a percentage of revenue in the first quarter of 2011 was 19.2% compared to 18.6% in the first quarter of 2010. Product gross margin of 18.2% remained consistent in the first quarter of 2011 compared to the first quarter of 2010 primarily due to an improved sales mix offset by losses in the entertainment line of business. Services gross margin in the first quarter of 2011 was 20.0% compared to 18.9% in the first quarter of 2010. Services gross margin was negatively impacted by \$1 million in higher pension expense, or 0.2% as a percentage of services revenue, period over period. After considering the effect of pension expense, the increase in services gross margin was due to lower labor and service delivery costs and continued focus on overall cost containment coupled with a favorable mix of service offerings.

Effects of Pension, Postemployment, and Postretirement Benefit Plans

Gross margin and operating expenses for the three months ended March 31, 2011 and 2010 were impacted by certain employee benefit plans as shown below:

| In millions | Three months ended March 31, | |
|------------------------|-------------------------------------|-------------|
| | 2011 | 2010 |
| Pension expense | \$51 | \$56 |
| Postemployment expense | 12 | 12 |
| Postretirement benefit | (3) | (1) |
| Total expense | \$60 | \$67 |

During the three months ended March 31, 2011, NCR incurred \$51 million of pension expense compared to \$56 million in the first quarter of 2010. The decrease in pension expense was primarily due to a settlement charge of \$6 million relating to our Canadian pension plan incurred in the first quarter of 2010 that did not recur in 2011.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$164 million in the first quarter of 2011 as compared to \$170 million in the first quarter of 2010. As a percentage of revenue, these expenses were 15.0% in the first quarter of 2011 compared to 16.5% in the first quarter of 2010. Pension costs included in selling, general, and administrative expenses were \$16 million in the first quarter of 2011 as compared to \$18 million in the first quarter of 2010. Selling, general, and administrative expenses also included \$5 million of incremental costs related to the relocation of the Company's global headquarters in the first quarter of 2010. After considering these items, selling, general and administrative expenses decreased as a percentage of revenue as compared to the prior period primarily due to continued focus on overall cost containment.

Research and Development Expenses

Research and development expenses were \$40 million in the first quarter of 2011 as compared to \$39 million in the first quarter of 2010. As a percentage of revenue, these costs were 3.7% in the first quarter of 2011 as compared to 3.8% in the first quarter of 2010. Pension costs included in research and development expenses were \$6 million in the first quarter of 2011 as compared to \$8 million in the first quarter of 2010. After considering this item, research and development expenses remained fairly consistent as a percentage of revenue.

Interest and Other Income Items

Other income, net was \$6 million in the first quarter of 2011 compared to no other income or expense in the first quarter of 2010. Other income in the first quarter of 2011 includes income from the sale of certain patents and a benefit from final settlement of a litigation matter.

Provision for Income Taxes

Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates calculated separately from the effect of significant or unusual items. Income tax represented expense of \$1 million for the three months ended March 31, 2011 compared to a benefit of \$1 million for the three months ended March 31, 2010. The increase in the income tax expense in the three months ended March 31, 2011 as compared to the prior period was primarily due to increased pre-tax income over the prior year. Additionally, the change in tax expense is driven by the mix in jurisdictions with income and losses and by net favorable adjustments related to uncertain tax positions.

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 future periods.

Income from Discontinued Operations

During 2010, the Company revised its presentation of costs and insurance recoveries related to certain environmental obligations, including the Fox River and Kalamazoo matters, and classifies those items as discontinued operations in the Condensed Consolidated Statements of Operations. Such costs and insurance recoveries were previously classified in other income (expense), net. During the first quarter of 2011, NCR received scheduled payments from certain insurers in connection with settlements that had been agreed in prior years resulting in income from discontinued operations of \$1 million, net of tax, offset by an accrual for legal fees related to Kalamazoo, resulting in loss from discontinued operations of \$1 million, net of tax. Additionally, \$4 million was included in income from discontinued operations, net of tax, related to favorable changes in uncertain tax benefits attributable to Teradata. There was no income or loss from discontinued operations in the first quarter of 2010.

Revenue and Operating Income by Segment

As described in Note 1, "Basis of Presentation," and Note 9, "Segment Information and Concentrations," of the Notes to Condensed Consolidated Financial Statements, effective January 1, 2011, NCR reorganized its businesses and management thereof to a line of business model, changing from the previous functional geographic model. In order to align the Company's external reporting of its financial results with this organizational change, the Company modified its segment reporting. The Company now manages and reports its businesses in the following four segments:

- **Financial Services** - We offer solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM and payment processing hardware and software, and related installation, maintenance, and managed and professional services. We also offer a complete line of printer consumables.
- **Retail and Hospitality** - We offer solutions to customers in the retail and hospitality industries designed to improve selling productivity and checkout processes as well as increase service levels. These solutions primarily include retail-oriented technologies, such as Point of Sale (POS) terminals and bar-code scanners as well as innovative self-service kiosks, such as self-checkout. We also offer installation, maintenance, and managed and professional services and a complete line of printer consumables.
- **Entertainment** - We offer solutions that are dedicated to providing the consumer the ability to rent or buy movies at their convenience through the use of self-service kiosks which we own and operate. This segment operates primarily in North America.
- **Emerging Industries** - We offer maintenance and managed and professional services for third-party computer hardware provided to select manufacturers, primarily in the telecommunications industry, who value and leverage our global service capability. Also included in the Emerging Industries segment are solutions designed to enhance the customer experience which include self-service kiosks to the travel and gaming and healthcare industries, as well as related installation, maintenance, and managed and professional services.

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 items (described below) from segment operating income, consistent with the manner by which management reviews each segment, evaluates performance, and reports our segment results under accounting principles generally accepted in the United States of America (otherwise known as 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.

The effect of pension expense on segment operating income, which was \$51 million in the first quarter of 2011 and \$56 million in the first quarter of 2010, has been excluded from the operating income for each reporting segment presented below. Additionally, we have excluded other significant, non-recurring items from our segment operating results. Our segment results are reconciled to total Company results reported under GAAP in Note 9, "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 due to its significance during the quarter.

Financial Services Segment

The following table presents the Financial Services revenue and segment operating income for the three months ended March 31:

| In millions | Three months ended March 31, | |
|---|-------------------------------------|-------------|
| | 2011 | 2010 |
| Revenue | \$592 | \$573 |
| Operating income | \$47 | \$33 |
| Operating income as a percentage of revenue | 7.9% | 5.8% |

Financial Services revenue increased 3% during the first quarter of 2011 as compared to the first quarter of 2010. Revenue growth was primarily generated from higher product volumes in the BICMEA and CLA theaters. This growth was partially offset by lower product volumes in the North America theater. Foreign currency fluctuations favorably impacted the quarter-over-quarter revenue comparison by 3%.

Operating income was \$47 million in the first quarter of 2011 as compared to \$33 million in the first quarter of 2010. The improvement in the Financial Services operating income was driven by higher revenue and an improved mix of higher value product offerings, in addition to a reduction in service delivery costs primarily in the North America and BICMEA theaters.

Retail and Hospitality Segment

The following table presents the Retail and Hospitality revenue and segment operating income for the three months ended March 31:

| In millions | Three months ended March 31, | |
|---|-------------------------------------|-------------|
| | 2011 | 2010 |
| Revenue | \$376 | \$358 |
| Operating income | \$11 | \$5 |
| Operating income as a percentage of revenue | 2.9% | 1.4% |

Retail and Hospitality revenue increased 5% during the first quarter of 2011 as compared to the first quarter of 2010. The increase in revenue was primarily driven by higher product and service revenue in the Europe and North America theaters due to continued customer adoption of self-checkout solutions as well as assisted point-of-sale rollouts. This growth was partially offset by declines in the Japan Korea theater attributable to lower product sales. Foreign currency fluctuations positively impacted the quarter-over-quarter revenue comparison by 2%.

Operating income was \$11 million in the first quarter of 2011 as compared to \$5 million in the first quarter of 2010. The improvement in the Retail and Hospitality operating income was due to higher revenue, an improved product mix and lower service delivery costs primarily in the North America and Europe theaters.

Entertainment Segment

The following table presents the Entertainment revenue and segment operating loss for the three months ended March 31:

| In millions | Three months ended March 31, | |
|---|-------------------------------------|-------------|
| | 2011 | 2010 |
| Revenue | \$37 | \$18 |
| Operating loss | \$(15) | \$(12) |
| Operating loss as a percentage of revenue | (40.5)% | (66.7)% |

Entertainment revenue increased over 100% during the first quarter of 2011 as compared to the first quarter of 2010. The increase in revenue was driven by a greater number of kiosks deployed, as well as redeployment of selected kiosks to better

performing locations.

Operating loss was \$15 million in the first quarter of 2011 as compared to \$12 million in the first quarter of 2010. Operating loss was negatively impacted by additional depreciation from the investment in the Entertainment segment.

Emerging Industries Segment

The following table presents the Emerging Industries revenue and segment operating income for the three months ended March 31:

| In millions | Three months ended March 31, | |
|---|------------------------------|-------|
| | 2011 | 2010 |
| Revenue | \$90 | \$80 |
| Operating income | \$14 | \$17 |
| Operating income as a percentage of revenue | 15.6% | 21.3% |

Emerging Industries revenue increased 13% during the first quarter of 2011 as compared to the first quarter of 2010. The increase in revenue was driven primarily by higher product volumes in the Europe and Japan Korea theaters. Foreign currency fluctuations favorably impacted the quarter-over-quarter revenue comparison by 3%.

Operating income was \$14 million in the first quarter of 2011 as compared to \$17 million in the first quarter of 2010. The decrease in the Emerging Industries operating income was primarily due to a lower value mix of product offerings somewhat offset by higher revenue in the quarter.

Financial Condition, Liquidity, and Capital Resources

In the three months ended March 31, 2011, cash provided by operating activities increased \$22 million from \$22 million in the three months ended March 31, 2010 to \$44 million in the three months ended March 31, 2011. Cash flow from operations was positively impacted by changes in working capital.

NCR's management uses a non-GAAP measure called "free cash flow," which we define 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, and additions to capitalized software, to assess the financial performance of the Company. 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. The components used to calculate free cash flow are GAAP measures that are taken directly from the Condensed Consolidated Statements of Cash Flows. 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, repurchase 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. 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 three months ended March 31:

| In millions | 2011 | 2010 |
|---|------|--------|
| Net cash provided by operating activities | \$44 | \$22 |
| Less: Expenditures for property, plant and equipment, net of grant reimbursements | (25) | (38) |
| Less: Additions to capitalized software | (14) | (13) |
| Net cash used in discontinued operations | (1) | (8) |
| Free cash flow (used) (non-GAAP) | \$4 | \$(37) |

A planned reduction in expenditures related to investments in the entertainment industry led to a majority of the decrease in net capital expenditures.

During 2010, the Company revised its presentation of costs and insurance recoveries related to certain environmental obligations, including the Fox River matter, and now classifies those items as discontinued operations in the Condensed

Consolidated Statements of Cash Flows. Such costs and insurance recoveries were previously classified in net cash provided by operating activities. During the three months ended March 31, 2011, cash provided by discontinued operations was attributable to insurance recoveries received offset by remediation payments made. During the three months ended March 31, 2010, the net cash outflow related to the Company's initial funding of the limited liability company described in Note 6, "Commitments and Contingencies," and was partially offset by insurance recoveries.

Our investing activities for the three months ended March 31, 2011 included \$2 million in proceeds from the sale of property, plant and equipment. Our financing activities for the three months ended March 31, 2011 included \$35 million for the repurchase of approximately 1.8 million shares of NCR common stock and proceeds from employee stock plans of \$6 million. Our financing activities for the three months ended March 31, 2010 consisted of the repayment of \$4 million in short-term borrowings as well as cash inflows from employee stock plans of \$2 million.

As of March 31, 2011, our cash and cash equivalents totaled \$480 million and our long-term debt was \$10 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 2010 Annual Report on Form 10-K. If we are unable to generate sufficient cash flows from operations, or otherwise comply with the terms of our credit facilities, we may be required to seek additional financing alternatives. In addition, as described in Note 5, "Employee Benefit Plans," of the Notes to the Condensed Consolidated Financial Statements, we expect to make pension, postemployment, and postretirement plan contributions of approximately \$185 million in 2011. During the first quarter of 2010, the Company completed a comprehensive analysis of its capital allocation strategy, with specific focus on its approach to pension management. As a result of this analysis, the Company plans to substantially reduce future volatility in the value of assets held by its U.S. pension plan by rebalancing the asset allocation to a portfolio of entirely fixed income assets by the end of 2012. We believe that we have sufficient liquidity based on our current cash position, cash flows from operations and existing financing to meet our expected pension, postemployment, and postretirement plan contributions, remediation payments related to the Fox River environmental matter and our operating requirements for the next twelve months.

Contractual and Other Commercial Commitments

There have been no significant changes in our contractual and other commercial commitments as described in our Form 10-K for the year ended December 31, 2010.

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 6, "Commitments and Contingencies," of the Notes to Condensed Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Management has reassessed the critical accounting policies as disclosed in our 2010 Form 10-K and determined that changes to our critical accounting policies in the three months ended March 31, 2011 were limited to the adoption of revenue recognition guidance as described in Note 2, "Summary of Accounting Policies" of the Notes to Condensed Consolidated Financial Statements. Also, there were no significant changes in our estimates associated with those policies.

New Accounting Pronouncements

See discussion in Note 2, "Summary of Accounting Policies" of the Notes to Condensed Consolidated Financial Statements for new accounting pronouncements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes in foreign currency exchange rates and interest rates. We use a variety of measures to monitor and manage these risks, including derivative financial instruments. 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. 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 contracts. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by the marketing units and the foreign currency denominated inputs to the manufacturing units. All of these transactions are firmly committed or forecasted. These foreign exchange contracts are designated as highly effective cash flow hedges. The gains or losses are deferred in accumulated other comprehensive income and recognized in the determination of income when the underlying hedged transaction impacts earnings. As we hedge inventory purchases, the ultimate gain or loss from the derivative contract is recorded in cost of products when the inventory is sold to an unrelated third party.

We have exposure to approximately 50 functional currencies. Due to our global operations, weaknesses in some of these currencies are sometimes offset by strengths in others. The U.S. Dollar was slightly weaker in the first quarter of 2011 compared to the first quarter of 2010 based on comparable weighted averages for our functional currencies; however, this had minimal impact on first quarter 2011 revenue versus first quarter 2010 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.

Our strategy is to hedge, on behalf of each subsidiary, a portion of our 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 length of time hedge contracts are entered into may vary significantly. In the longer term (longer than the hedging period of up to 15 months), the subsidiaries are still subject to the impacts of foreign currency fluctuations. In addition, the subsidiary results are still subject to any impact of translating the functional currency results to U.S. Dollars. When hedging certain foreign currency transactions of a long-term investment nature (net investments in foreign operations), the gains and losses are recorded in the currency translation adjustment component of stockholders' equity. Gains and losses on other foreign exchange contracts are recognized in earnings as exchange rates change.

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 result in a corresponding increase or decrease of \$20 million as of March 31, 2011 in the fair value of the hedge portfolio. The Company expects that any increase (decrease) in the fair value of the portfolio would be substantially offset by increases (decreases) in the underlying exposures being hedged.

Our cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instruments. As of March 31, 2011, the carrying value of our cash and cash equivalents approximated fair value.

The interest rate risk associated with our borrowing and investing activities as of March 31, 2011 was not material in relation to our consolidated financial position, results of operations or cash flows.

We utilize non-exchange traded financial instruments, such as foreign exchange forward 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. Also, we do not enter into hedges for speculative purposes.

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 March 31, 2011, 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 ensure 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 ensure 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 first quarter of 2011, 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 March 31, 2011 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 6, "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

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A of the Company's 2010 Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information relating to the Company's repurchase of common stock for the three months ended March 31, 2011:

| Time Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs (1) | Maximum Dollar Value of Shares that May Yet be Purchased Under Programs (1) |
|--------------------------------------|----------------------------------|------------------------------|---|---|
| January 1 through January 31, 2011 | — | - | — | \$ 240,554,224 |
| February 1 through February 28, 2011 | 1,141,000 | \$ 19.27 | 1,141,000 | \$ 222,215,391 |
| March 1 through March 31, 2011 | 680,400 | \$ 19.12 | 680,400 | \$ 210,183,654 |
| First quarter total | 1,821,400 | \$ 19.22 | 1,821,400 | |

- (1) In October 1999, the Company's Board of Directors authorized a share repurchase program that provided for the repurchase of up to \$250 million of its common stock, with no expiration from the date of authorization. On October 31, 2007 and July 28, 2010, the Board authorized the repurchase of an additional \$250 million and \$210 million, respectively, under this share repurchase program. In December 2000, the Board approved a systematic share repurchase program, with no expiration from the date of authorization, to be funded by the proceeds from the purchase of shares under the Company's Employee Stock Purchase Plan and the exercise of stock options, for the purpose of offsetting the dilutive effects of the employee stock purchase plan and outstanding options. As of March 31, 2011, approximately \$197 million and \$13 million remained available for further repurchases of the Company's common stock under the 1999 and 2000 Board of Directors share repurchase programs, respectively.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. [RESERVED]**Item 5. OTHER INFORMATION**

None.

Item 6. EXHIBITS

- 3.1 Articles of Amendment and Restatement of NCR Corporation as amended May 14, 1999 (incorporated by reference to Exhibit 3.1 from the NCR Corporation Form 10-Q for the period ended June 30, 1999).
- 3.2 Bylaws of NCR Corporation, as amended and restated on January 26, 2011 (Exhibit 3(ii) to the NCR Corporation Current Report on Form 8-K filed January 31, 2011).
- 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 as of June 1, 2002, between NCR Corporation and The Bank of New York (incorporated by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
- 10.1 Form of 2011 Stock Option Agreement under the 2011 Amended and Restated Stock Incentive Plan (formerly the NCR 2006 Stock Incentive Plan, as amended and restated effective as of December 31, 2008) (the '2011 Stock Plan').
- 10.2 Form of 2011 Restricted Stock Agreement under the 2011 Stock Plan.
- 10.3 Form of 2011 Restricted Stock Unit Agreement under the 2011 Stock Plan.
- 10.4 Form of 2011 Performance Based Restricted Stock Agreement under the 2011 Stock Plan.
- 10.5 Form of 2011 Performance Based Restricted Stock Unit Agreement under the 2011 Stock Plan.
- 31.1 Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, dated May 2, 2011.
- 31.2 Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, dated May 2, 2011.
- 32 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 2, 2011.
- 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: May 2, 2011

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

**2011 Stock Option Agreement
NCR 2006 Stock Incentive Plan
(Non-Statutory Stock Option)**

You have been granted an option (the "Option") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), to purchase from NCR Corporation (referred to herein, together with its affiliate companies, as "NCR") a number of shares of common stock of NCR ("Shares") at the price per Share as described on the stock option information page on the website of NCR's third party Plan administrator, subject to the terms and conditions of this 2011 Stock Option Agreement (this "Agreement") and the Plan.

1. Your right to exercise this Option will expire on the tenth (10th) anniversary (the "Expiration Date") of the date of grant of this Option (the "Grant Date"), unless sooner terminated due to the termination of your employment as described below. If the Expiration Date falls on a Saturday, Sunday or holiday, it will be deemed to occur on the next following business day.

2. This Option will vest, and the vested shares ("Option Shares") may be exercised, in equal annual installments (subject to mathematical rounding performed by NCR's third party Plan administrator) on each of the first (1st), second (2nd), third (3rd) and fourth (4th) anniversaries of the Grant Date (each a "Vesting Date"). This vesting schedule is contingent upon your continuous employment with NCR as of and until each of the Vesting Dates. In the event your employment with NCR terminates prior to the fourth (4th) anniversary of the Grant Date, except as otherwise provided below, this Option will terminate with respect to the then unvested portions.

3. In the event of your Termination of Employment (as defined in the Plan) with NCR prior to a Vesting Date due to: (i) your death; or (ii) a disability for which you qualify for benefits from the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); then, effective upon such Termination of Employment, a pro rata portion of this Option will become vested. The pro rata portion that vests pursuant to this Section 3 shall be equal to the excess of (i) the product of the number of Option Shares awarded pursuant to this Agreement, multiplied by a fraction, the numerator of which is the number of full and partial months of employment completed between the Grant Date and the Termination of Employment, and the denominator of which is forty eight (48); over (ii) the number of Option Shares that vested pursuant to this Agreement prior to your Termination of Employment. In such cases, if you, on the date of death or Disability, have not yet attained the age of 55, the vested portion of this Option may be exercised until the earlier of the first (1st) year anniversary of the date of death or Disability and the Expiration Date. If death or Disability occurs on or after your attainment of age 55, the vested portion of this Option may be exercised until the earlier of the third (3rd) anniversary of the date of death or Disability and the Expiration Date.

4. In the event of your Termination of Employment with NCR prior to a Vesting Date due to Retirement (as defined in this Section), the unvested portion of this Option will terminate and be forfeited, and the vested portion may be exercised until the earlier of (a) the third (3rd) anniversary of your Retirement, and (b) the Expiration Date. For purposes of this Agreement, "Retirement" means termination by you of employment at or after age 55 other than, if applicable to you, for Good Reason (as described below) following a Change in Control (as defined in the Plan).

5. Notwithstanding any provision in this Agreement to the contrary other than Sections 9, 11, 16, 18 and 24, in the event a Change in Control occurs prior to a Vesting Date and this Option award is not assumed, converted or replaced by the continuing entity, this Option, to the extent not yet vested or terminated, shall vest in full immediately prior to the Change in Control. In the event of a Change in Control prior to a Vesting Date wherein this Option award is assumed, in the event of your involuntary Termination of Employment by the Company other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability during the twenty-four (24) months following the Change in Control, this Option, to the extent not yet vested, shall vest in full immediately upon your Termination of Employment, and the Option shall remain exercisable until the later of (a) the earlier of the first (1st) anniversary of your Termination of Employment and the Expiration Date, and (b) the applicable date determined under Section 3 and 4 above. If you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines "Good Reason" in the context of a resignation following a Change in Control that occurs prior to a Vesting Date and you terminate your employment for Good Reason as so defined within twenty-four (24) months following a Change in Control, this Option, to the extent not yet vested, shall vest immediately upon your Termination of Employment, and the Option Shares shall remain exercisable until the later of (a) earlier of the first (1st) anniversary of your Termination of Employment and the Expiration Date, and (b) the applicable date determined under Section 3 and 4 above.

6. In the event of your involuntary Termination of Employment by NCR for Cause (as defined in the NCR Change

in Control Severance Plan, to the extent that such Termination of Employment occurs within twenty-four months after a Change in Control and you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) at any time, this Option will automatically terminate and all unexercised vested and unvested Option Shares will be forfeited and will not be exercisable as of the date of such termination.

7. In the event of your Termination of Employment with NCR for any other reason, including but not limited to involuntary Termination of Employment by NCR without Cause (as defined in the Plan) other than during the 24 months following a Change in Control, this Option will automatically terminate, any unvested Option Shares will be forfeited and the vested portion of this Option may be exercised no later than the earlier of (a) the 90th day after the date of termination of your employment, and (b) the Expiration Date.

8. In the event that you die after your Termination of Employment by NCR, but while this Option remains exercisable, this Option may be exercised, by your beneficiary or heir, until the earlier of the first (1st) anniversary of the date of death and the Expiration Date.

9. By accepting this award, except to the extent that disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant provided such persons agree in advance to keep such information confidential and not to disclose it to others. The Option will be forfeited if you violate the terms of this Section.

10. In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extra-ordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of NCR, the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") or the Board of Directors of NCR shall make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of securities subject to outstanding awards. In the case of Corporate Transactions (as defined in the Plan), such adjustments may include, without limitation, (1) the cancellation of outstanding awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such awards, as determined by the Committee or the Board of Directors of NCR in its sole discretion, *provided*, that in the event of the cancellation of such awards pursuant to this clause (1), the awards shall vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the Options subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities).

Notwithstanding the foregoing, any adjustment, substitution or assumption pursuant to this Section shall be made in such a manner as to ensure that the Options will not be subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

11. This Option will be cancelled if the Committee determines that you engaged in misconduct in connection with your employment with NCR.

12. This Option shall be exercised in accordance with procedures established by the administrator of NCR's stock option program, including broker-assisted cashless exercises. In countries where deemed mandatory, upon exercise, the purchase price will be paid by simultaneous sale of the Option Shares exercised, in such a manner that NCR is not subject to taxation upon grant of the option award. Any taxes required by law to be withheld or paid with respect to exercise of this Option shall be deducted from the proceeds of the Option exercise. If NCR or the administrator of the stock option program is unable to withhold required taxes from the proceeds of the Option exercise, you or your legal representative or beneficiary will be required to pay such amounts, and NCR may take any action necessary to satisfy such obligation, including but not limited to withholding cash from compensation otherwise due to you or your beneficiary, or withholding from the Option Shares exercised such numbers of Option Shares as it, in its sole discretion, shall determine to be required to satisfy such withholding requirements; provided, however, that withholding of Option Shares will be limited to the amount necessary to satisfy the minimum required taxes.

To the extent legally permissible under applicable local laws, rules and regulations, if this Option is vested and outstanding on the Expiration Date (or such earlier date that this Option would otherwise terminate pursuant to this Agreement), then, this Option shall be automatically exercised on the Expiration Date (or such earlier date that this Option would otherwise terminate pursuant to this Agreement) without further action by you (or your beneficiary or estate), if the Fair Market Value per Option Share exceeds the exercise price per Option Share on such date. Any such automatic exercise shall be made in accordance with net

exercise procedures established by NCR and the administrator of NCR's stock option program, whereby NCR will withhold from the Option Shares the number of Option Shares necessary to satisfy the exercise price and applicable tax withholding. In no event shall NCR, its employees or agents be liable for any direct, indirect, punitive, incidental, special or consequential damages or any damages whatsoever arising out of or in any way related to the automatic exercise feature in this Section. By accepting this Option, you agree to the automatic exercise of the Option pursuant to this Section and the terms hereof.

13. Within a reasonable period after any vested portion of this Option is exercised, NCR will instruct its transfer agent and/or third party Plan administrator to credit you or your successor with the number of Option Shares you exercised. Neither you nor your legal representative shall be, or have any of the rights and privileges of, a stockholder of NCR in respect of any Shares purchasable upon the exercise of this Option, in whole or in part, unless and until NCR credits you with, or causes a credit to you of, such Option Shares.

14. This Option is not transferable by you other than by beneficiary designation, will or the laws of descent and distribution, and during your lifetime this Option may be exercised only by you or your guardian or legal representative.

15. You may designate one or more beneficiaries to receive all or part of this Option in case of your death, and you may change or revoke such designation at any time. In the event of your death, any portion of this Option that is subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Agreement. Any other portion of this Option not designated by you shall be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the Option Shares in question may be purchased by and distributed to your estate, in which event NCR shall have no further liability to anyone with respect to such Option Shares.

16. In exchange for this Option, you agree that during your employment with NCR and for a twelve (12) month period after termination of your NCR employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not, yourself or through others, without the prior written consent of the Chief Executive Officer of NCR, (a) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates, or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. If you breach the terms of this Section, you agree that in addition to any liability you may have for damages and/or equitable relief arising from such breach, this Option will be immediately cancelled, all vested and unexercised Option Shares shall be forfeited, and you will pay to NCR the difference between the exercise price and the Fair Market Value on the date of exercise of any Option Shares received in connection with any exercise of this Option on or after the date which is twelve (12) months prior to the date of termination of your employment.

As used in this Section, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

17. By accepting this Option, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with NCR (including its termination) shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or nearest major city (i.e., with a population in excess of 250,000) in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney or former judge or magistrate knowledgeable in employment law and/or competition law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be

interpreted in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles. Each party shall bear its own attorney's fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association for an arbitration held in the United States, or similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 16, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 16 NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration.

18. By accepting the Option, you acknowledge and agree that, to the extent that the Option constitutes "Covered Incentive Compensation" subject to the terms of NCR's Compensation Recovery Policy, as the same may be in effect from time to time (the "Compensation Recovery Policy"), then, notwithstanding any other provision of this Agreement to the contrary, you may be required to forfeit the Option or repay any or all of the Option Shares pursuant to the terms of the Compensation Recovery Policy. Further, you acknowledge and agree that NCR may, to the extent permitted by law, enforce any repayment obligation pursuant to the Compensation Recovery Policy by reducing any amounts that may be owing from time-to-time by NCR to you, whether as wages, severance, vacation pay or in the form of any other benefit or for any other reason.

19. By accepting this Option, you agree that data, including your personal data, necessary to administer this Option may be exchanged among NCR and its subsidiaries and affiliates as necessary, and with any vendor engaged by NCR to administer this Option. You also consent to receiving information and materials in connection with this Option or any subsequent awards under the Plan or any successor thereto, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by Web site access and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you.

20. Your participation in the Plan is voluntary. The value of this Option is an extraordinary item of income, is not part of your normal or expected compensation and shall not be considered in calculating any severance, redundancy, end of service payments, bonus, long-service awards, pension, retirement or other benefits or similar payments. The Plan is discretionary in nature. This Option is a one-time benefit that does not create any contractual or other right to receive additional awards or other benefits in the future. Future grants, if any, are at the sole grace and discretion of NCR, including but not limited to, the timing of the grant, amount and vesting provisions.

21. The provisions of this Agreement are severable. If any provision of this Agreement is held to be unenforceable or invalid by a court or other tribunal of competent jurisdiction (including an arbitration tribunal), it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law.

22. The terms of this Option as evidenced by this Agreement may be amended by the NCR Board of Directors or the Committee at any time.

23. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail, except that with respect to matters involving choice of law the terms and conditions of Section 17 of this Agreement shall prevail.

24. Notwithstanding any other provision of this Agreement, this Option and your right to exercise any Option Shares that become vested hereunder are subject to your timely annual certification to NCR's Code of Conduct.

2011 Restricted Stock Agreement
NCR 2006 Stock Incentive Plan

You have been awarded a number of restricted shares of NCR common stock (the "Restricted Stock") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as described on the restricted share grant information page (the "Information Page") on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), subject to the terms and conditions of this 2011 Restricted Stock Agreement (this "Agreement") and the Plan.

1. Subject to the terms and conditions of this Agreement, all or a portion of the Restricted Stock will become non-forfeitable ("Vested") on the vesting date(s) described on the Information Page (each, a "Vesting Date"), provided that you are continuously employed by NCR until the applicable Vesting Date.

2. In the event of your Termination of Employment (as defined in the Plan) with NCR prior to a Vesting Date due to: (i) your death; (ii) a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); (iii) your Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") other than, if applicable to you, for Good Reason (as described below) during the 24 months following a Change in Control (as defined in the Plan)); or (iv) involuntary termination of your employment by the Company for any reason other than for Cause (as defined in the Plan), other than termination by the Company during the 24 months following a Change in Control; then, upon your Termination of Employment, a pro rata portion of the Restricted Stock shall become Vested. The pro rata portion will be determined by multiplying the number of shares of Restricted Stock awarded pursuant to this Agreement that have not yet Vested on or prior to the date of your Termination of Employment by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the date of grant of this award (the "Grant Date"), and the denominator of which is the number of full and partial months between the Grant Date and the last Vesting Date scheduled to occur under this Agreement.

Notwithstanding any provision in this Agreement to the contrary other than Sections 4, 10, 11, 12, 13 and 20, in the event a Change in Control occurs prior to a Vesting Date and this restricted stock award is not assumed, converted or replaced by the continuing entity, any Restricted Stock that has not yet Vested or been forfeited shall become fully Vested immediately prior to the Change in Control. In the event of a Change in Control wherein this restricted stock award is assumed, in the event of your Termination of Employment (as defined in the Plan) by the Company other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability during the twenty-four (24) months following the Change in Control, any Restricted Stock that has not yet Vested shall become fully Vested immediately upon your Termination of Employment. If you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines "Good Reason" in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined within twenty-four (24) months following a Change in Control, any Restricted Stock that has not yet Vested shall become fully Vested immediately upon your Termination of Employment.

3. If your employment terminates prior to a Vesting Date for any reason other than as described in Section 2, the Restricted Stock, to the extent not fully Vested, will automatically terminate and be forfeited.

4. By accepting this award, except to the extent that disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Restricted Stock will be forfeited if you violate the terms and conditions of this Section.

5. In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extra-ordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of NCR, the Committee or the Board of Directors of NCR shall make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of securities subject to outstanding awards. In the case of Corporate Transactions (as defined in the Plan), such adjustments may include, without limitation, (1) the cancellation of outstanding awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such awards, as determined by the Committee or the Board of Directors of NCR in its sole discretion, *provided*, that in the event of the cancellation of such awards pursuant to this clause (1), the awards shall Vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the

Restricted Stock subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities).

6. You will be the record owner of the Restricted Stock until such shares are forfeited, and as the record owner you will be entitled to all rights of a common stockholder of NCR, including without limitation, voting rights and rights to cash and in-kind dividends, if any, on the Restricted Stock; provided, however, that the right to dividends will be subject to Section 8 below, and, prior to the applicable Vesting Date, the Restricted Stock is not freely transferable. Until the Restricted Stock has become Vested, the Restricted Stock shall be issued in book-entry only form and shall not be represented by a certificate. The restrictions set forth in this Agreement shall be reflected on the stock transfer records maintained by or on behalf of NCR. You agree that, in order to ensure compliance with the restrictions imposed on the Restricted Stock under this Agreement, NCR may issue appropriate "stop transfer" instructions to its transfer agent and/or third party Plan administrator. By execution of this Agreement and effective until the Restricted Stock has become Vested, you hereby irrevocably constitute and appoint the Chief Executive Officer and the Chief Financial Officer of the Company attorneys-in-fact to transfer the Restricted Stock on the stock transfer records of NCR with full power of substitution. You agree to take any and all other actions (including without limitation executing, delivering, performing and filing such other agreements, instruments and documents) as NCR may deem necessary or appropriate to carry out and give effect to the provisions of this Agreement. As soon as practicable after the applicable Vesting Date, subject to Section 9 below, NCR will instruct its transfer agent and/or its third party Plan administrator to release the restrictions on your record account and the Restricted Stock, to the extent Vested, will become freely transferable.

7. At all times before the applicable Vesting Date, the Restricted Stock, to the extent not fully Vested, may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death.

8. Any cash dividends on the Restricted Stock declared before a Vesting Date shall not be paid currently, but shall be reinvested in shares of common stock of NCR. Any shares resulting from such reinvestment (the "Dividend Shares") will be considered Restricted Stock for purposes of this Agreement and will be subject to all of the terms, conditions and restrictions set forth herein. As of each date that NCR would otherwise pay the declared dividend on the Restricted Stock (the "Dividend Payment Date") in the absence of the reinvestment requirements of this Section, the number of Dividend Shares will be determined by dividing the amount of dividends attributable to the Restricted Stock but not paid on the Dividend Payment Date by the closing price of NCR's common stock on the Dividend Payment Date. The Committee may, in its discretion, take such action as it deems appropriate regarding in-kind dividends or distributions with respect to the Restricted Stock, to the extent not fully Vested, prior to the applicable Vesting Date, which actions may include, without limitation, current distribution or liquidation or reinvestment in Restricted Stock. Any securities or property so distributed may, in the Committee's discretion, be subject to any or all of the forfeiture provisions set forth in this Agreement.

9. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Restricted Stock, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Restricted Stock, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section, your acceptance of this award of Restricted Stock constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of Vested Restricted Stock as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of Vested Restricted Stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that the Restricted Stock becomes Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the tax withholding requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of Vested Restricted Stock described above. You acknowledge that this Section 9(a) is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of Vested Restricted Stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 9(a) you are an executive officer subject to the provisions of Section 16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall withhold the whole number of shares

of Vested Restricted Stock as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of Vested Restricted Stock described in this Section 9(b).

(c) Notwithstanding the foregoing, if you are paid through a non-United States NCR payroll system, you agree that NCR may satisfy any tax withholding requirements with respect to the Restricted Stock by withholding cash from compensation otherwise due to you or by any other action as it may deem necessary to satisfy the tax withholding requirements.

10. The Restricted Stock, to the extent not fully Vested, will be forfeited if the Committee determines that you engaged in misconduct in connection with your employment with NCR.

11. In exchange for the Restricted Stock, you agree that during your employment with NCR and for a twelve (12) month period after the termination of employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not, yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (i) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (ii) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates, or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (iii) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. If you breach the terms of this Section, you agree that in addition to any liability you may have for damages and/or equitable relief arising from such breach, any Restricted Stock that has not yet Vested will be immediately forfeited, and you agree to pay to NCR the Fair Market Value of any Restricted Stock that Vested during the twelve (12) months prior to the date of your termination of employment. Such Fair Market Value shall be determined as of the applicable Vesting Date.

As used in this Section, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

12. By accepting this award, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with NCR (including its termination) shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or nearest major city (i.e., with a population in excess of 250,000) in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney or former judge or magistrate knowledgeable in employment law and/or competition law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles. Each party shall bear its own attorney's fees associated with the arbitration, and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association for an arbitration held in the United States, or similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 11, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 11 NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration.

13. By accepting the Restricted Stock, you acknowledge and agree that, to the extent that the Restricted Stock constitutes "Covered Incentive Compensation" subject to the terms of NCR's Compensation Recovery Policy, as the same may be in effect from time to time (the "Compensation Recovery Policy"), then, notwithstanding any other provision of this Agreement

to the contrary, you may be required to forfeit or repay any or all of the Restricted Stock pursuant to the terms of the Compensation Recovery Policy. Further, you acknowledge and agree that NCR may, to the extent permitted by law, enforce any repayment obligation pursuant to the Compensation Recovery Policy by reducing any amounts that may be owing from time-to-time by NCR to you, whether as wages, severance, vacation pay or in the form of any other benefit or for any other reason.

14. Subject to the terms of this Agreement, you may at any time designate one or more beneficiaries to receive all or part of any Restricted Stock 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 Restricted Stock distributable hereunder that is subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Agreement. Any other Restricted Stock not designated by you will be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the Restricted Stock in question may be transferred to your estate, in which event NCR will have no further liability to anyone with respect to such Restricted Stock.

15. By accepting this award, you agree that data, including your personal data, necessary to administer this award may be exchanged among NCR and its subsidiaries and affiliates as necessary, and with any vendor engaged by NCR to administer this award. You also consent to receiving information and materials in connection with this award or any subsequent awards under the Plan or any successor thereto, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by Web site access and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you.

16. Your participation in the Plan is voluntary. The value of this award is an extraordinary item of income, is not part of your normal or expected compensation and shall not be considered in calculating any severance, redundancy, end of service payments, bonus, long-service awards, pension, retirement or other benefits or similar payments. The Plan is discretionary in nature. This award is a one-time benefit that does not create any contractual or other right to receive additional awards or other benefits in the future. Future grants, if any, are at the sole grace and discretion of NCR, including but not limited to, the timing of the grant, amount and vesting provisions.

17. The provisions of this Agreement are severable. If any provision of this Agreement is held to be unenforceable or invalid by a court or other tribunal of competent jurisdiction (including an arbitration tribunal), it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law.

18. The terms of this award of Restricted Stock as evidenced by this Agreement may be amended by the NCR Board of Directors or the Committee.

19. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail, except that with respect to matters involving choice of law the terms and conditions of Section 12 of this Agreement shall prevail.

20. Notwithstanding any other provision of this Agreement, this award of Restricted Stock and your right to retain any shares of Restricted Stock that become Vested hereunder are subject to your timely annual certification to NCR's Code of Conduct.

**2011 Restricted Stock Unit Agreement
NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted stock units (the "Stock Units") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as described on the restricted stock unit information page on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), effective as of the date of grant of this award (the "Grant Date"), subject to the terms and conditions of this 2011 Restricted Stock Unit Agreement (this "Agreement") and the Plan.

1. Subject to the terms and conditions of this Agreement, the Stock Units will become non-forfeitable ("Vested") on March 3, 2014 (the "Vesting Date"), provided that you are continuously employed by NCR until the Vesting Date.

2. In the event of your Termination of Employment (as defined in the Plan) with NCR prior to the Vesting Date due to: (i) your death; (ii) a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); (iii) your Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") other than, if applicable to you, for Good Reason (as described below) during the 24 months following a Change in Control (as defined in the Plan)); or (iv) involuntary termination of your employment by the Company for any reason other than for Cause (as defined in the Plan), other than termination by the Company during the 24 months following a Change in Control; then, upon your Termination of Employment, a pro rata portion of the Stock Units shall become Vested. The pro rata portion will be determined by multiplying the number of Stock Units awarded pursuant to this Agreement by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is the number of full and partial months between the Grant Date and the Vesting Date.

Notwithstanding any provision in this Agreement to the contrary other than Sections 4, 9, 10, 12 and 19, in the event a Change in Control occurs and this restricted stock unit award is not assumed, converted or replaced by the continuing entity, the Stock Units shall become fully Vested immediately prior to the Change in Control. In the event of a Change in Control wherein this restricted stock unit award is assumed, if a Termination of Employment by the Company other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability occurs during the twenty-four (24) months following the Change in Control, the Stock Units shall become fully Vested immediately upon your Termination of Employment. If you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines "Good Reason" in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined within twenty-four (24) months following a Change in Control, the Stock Units shall become fully Vested immediately upon your Termination of Employment.

Except as otherwise provided in this Section, if your employment with NCR terminates prior to the Vesting Date for any reason, the Stock Units will automatically terminate and be forfeited and no shares or cash will be issued or paid (as the case may be).

3. Except as may otherwise be provided in this Section or pursuant to an election under Section 14(k) of the Plan, Vested Stock Units will be paid to you within 30 days after the date that such Stock Units become Vested in shares of NCR common stock (such that one Stock Unit equals one share of NCR common stock) or, in NCR's sole discretion, in an amount of cash equal to the Fair Market Value of such number of shares of NCR common stock as of the Vesting Date (or such earlier date upon which the Stock Units have become Vested pursuant to Section 2 of this Agreement), or a combination thereof.

To the extent that Stock Units become Vested pursuant to Section 2 of this Agreement and your right to receive payment of such Vested Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), then payment of such Stock Units shall be subject to the following rules: (i) the Stock Units will be paid to you within 30 days after the earlier of (a) your "separation from service" within the meaning of Section 409A of the Code, and (b) the Vesting Date; (ii) notwithstanding the foregoing, if the Stock Units become payable as a result of your "separation from service" within the meaning of Section 409A of the Code (other than as a result of death), and you are a "specified employee" as determined under NCR's policy for determining specified employees on the date of separation from service, the Stock Units shall be paid 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; and (iii) NCR may, in its sole discretion and to the extent permitted by Treasury

Regulation § 1.409A-3(j)(4)(ix)(B), terminate this Agreement and pay all outstanding Stock Units to you within 30 days before or 12 months after a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of NCR within the meaning of Section 409A of the Code.

4. By accepting this award, unless disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Stock Units will be forfeited if you violate the terms and conditions of this Section.

5. In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extra-ordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of NCR, the Committee or the Board of Directors of NCR shall make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of securities subject to outstanding awards. In the case of Corporate Transactions (as defined in the Plan), such adjustments may include, without limitation, (1) the cancellation of outstanding awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such awards, as determined by the Committee or the Board of Directors of NCR in its sole discretion, *provided*, that in the event of the cancellation of such awards pursuant to this clause (1), the awards shall Vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the Stock Units subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities).

6. At all times before the Vesting Date, the Stock Units, to the extent not fully Vested, may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death. As soon as practicable after the Vesting Date (or such other date as Stock Units become payable in accordance with Section 3), if Vested Stock Units are to be paid in the form of shares of NCR common stock, NCR will instruct its transfer agent and/or its third party Plan administrator to record on your account the number of such shares underlying the number of Stock Units, and such shares will be freely transferable.

7. Any cash dividends declared before the Vesting Date on the shares underlying unvested Stock Units shall not be paid currently, but shall be converted into additional Stock Units. Any Stock Units resulting from such conversion (the "Dividend Units") will be considered Stock Units for purposes of this Agreement and will be subject to all of the terms, conditions and restrictions set forth herein. As of each date that NCR would otherwise pay the declared dividend on the shares underlying the Stock Units (the "Dividend Payment Date") in the absence of the reinvestment requirements of this Section, the number of Dividend Units will be determined by dividing the amount of dividends otherwise attributable to the Stock Units but not paid on the Dividend Payment Date by the Fair Market Value of NCR's common stock on the Dividend Payment Date.

8. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Stock Units, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Stock Units, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section, your acceptance of this award of Stock Units constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of NCR common stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that Stock Units become Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the tax withholding requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of NCR common stock described above. You acknowledge that this Section 8(a) is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of NCR common stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 8(a) you are an executive officer subject to the provisions of Section

16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall withhold the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of common stock described in this Section 8(b).

(c) Notwithstanding the foregoing, if you are paid through a non-United States NCR payroll system, you agree that NCR may satisfy any tax withholding requirements with respect to the Stock Units by withholding cash from compensation otherwise due to you or by any other action as it may deem necessary to satisfy the tax withholding requirements.

9. The Stock Units, to the extent not fully Vested, will be forfeited if the Committee determines that you engaged in misconduct in connection with your employment with NCR.

10. In exchange for the Stock Units, you agree that during your employment with NCR and for a twelve (12) month period after the termination of employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not, yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section below) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates, or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. If you breach the terms of this Section, you agree that in addition to any liability you may have for damages and/or equitable relief arising from such breach, any Stock Units that have not yet Vested will be immediately forfeited, and you agree to pay to NCR the Fair Market Value of any Stock Units that Vested, or the amount of cash paid to you in lieu of such Stock Units, during the twelve (12) months prior to the date of your termination of employment. Such Fair Market Value shall be determined as of the Vesting Date.

As used in this Section, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

11. By accepting this award, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with NCR (including its termination) shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or nearest major city (i.e., with a population in excess of 250,000) in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney or former judge or magistrate knowledgeable in employment law and/or competition law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles. Each party shall bear its own attorney's fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association for an arbitration held in the United States, or similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 10, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 10 NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration.

12. By accepting the Stock Units, you acknowledge and agree that, to the extent that the Stock Units constitute

“Covered Incentive Compensation” subject to the terms of NCR’s Compensation Recovery Policy, as the same may be in effect from time to time (the “Compensation Recovery Policy”), then, notwithstanding any other provision of this Agreement to the contrary, you may be required to forfeit or repay any or all of the Stock Units pursuant to the terms of the Compensation Recovery Policy. Further, you acknowledge and agree that NCR may, to the extent permitted by law, enforce any repayment obligation pursuant to the Compensation Recovery Policy by reducing any amounts that may be owing from time-to-time by NCR to you, whether as wages, severance, vacation pay or in the form of any other benefit or for any other reason.

13. Subject to the terms of this Agreement, you may at any time designate one or more beneficiaries to receive all or part of any shares of NCR common stock 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 such shares distributable hereunder that are subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Agreement. Any other shares of NCR common stock underlying the Stock Units not designated by you will be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the shares of NCR common stock 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.

14. By accepting this award, you agree that data, including your personal data, necessary to administer this award may be exchanged among NCR and its subsidiaries and affiliates as necessary, and with any vendor engaged by NCR to administer this award. You also consent to receiving information and materials in connection with this award or any subsequent awards under the Plan or any successor thereto, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by Web site access and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you.

15. Your participation in the Plan is voluntary. The value of this award is an extraordinary item of income, is not part of your normal or expected compensation and shall not be considered in calculating any severance, redundancy, end of service payments, bonus, long-service awards, pension, retirement or other benefits or similar payments. The Plan is discretionary in nature. This award is a one-time benefit that does not create any contractual or other right to receive additional awards or other benefits in the future. Future grants, if any, are at the sole grace and discretion of NCR, including but not limited to, the timing of the grant, amount and vesting provisions.

16. The provisions of this Agreement are severable. If any provision of this Agreement is held to be unenforceable or invalid by a court or other tribunal of competent jurisdiction (including an arbitration tribunal), it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law.

17. The terms of this award of Stock Units as evidenced by this Agreement may be amended by the NCR Board of Directors or the Committee.

18. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail, except that with respect to matters involving choice of law the terms and conditions of Section 11 of this Agreement shall prevail.

19. Notwithstanding any other provision of this Agreement, this award of Stock Units and your right to receive payment of any Stock Units that become Vested hereunder are subject to your timely annual certification to NCR’s Code of Conduct, and in the event of your failure to timely provide any such certification as may be required prior to the date that Stock Units would otherwise be paid under this Agreement, those Stock Units shall be forfeited.

**2011 Performance Based Restricted Stock Agreement
NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted shares of NCR common stock (the “Restricted Stock”) under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the “Plan”), as listed on the restricted stock grant information page on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as “NCR”), subject to the terms and conditions of this 2011 Performance Based Restricted Stock Agreement (this “Agreement”) and the Plan.

1. Subject to potential reduction as set forth in Section 2 and further subject to the other terms and conditions of this Agreement, one hundred and fifty percent of the Restricted Stock will become nonforfeitable (“Vested”) on March 3, 2014 (your “Vesting Date”), provided that (i) the Compensation and Human Resource Committee of the NCR Board of Directors (the “Committee”) has certified that NCR has achieved the level of Return on Capital (as defined below) described in your award letter for the period from January 1, 2011, through December 31, 2012 (the “Performance Period”), and (ii) you are continuously employed by NCR until your Vesting Date. In all cases, the Committee shall certify whether NCR has achieved the specified level of Return on Capital within seventy (70) days following the end of the Performance Period.

2. The actual number of shares of Restricted Stock that become Vested based on achieving the level of Return on Capital during the Performance Period described in your award letter may be reduced by the Committee in its sole and absolute discretion following the end of the Performance Period based on such factors as the Committee determines to be appropriate and/or advisable including without limitation NCR's achievement of Non-Pension Operating Income Minus Capital Charge (“NPOICC”) for all or a portion of the Performance Period. It is the current intention of the Committee that the Committee will exercise its discretion to reduce the number of shares of Restricted Stock earned pursuant to Section 1 based on NCR's achievement of NPOICC for 2011 as set forth in the table below, such that: (i) if NCR's achievement of NPOICC for fiscal year 2011 is below the “Threshold” level, then the Committee intends to reduce the number of shares of Restricted Stock earned pursuant to Section 1 to zero; (ii) if NCR's achievement of NPOICC for fiscal year 2011 is between the “Threshold” and “Target” levels, then the Committee intends to reduce the number of shares of Restricted Stock earned pursuant to Section 1 to between 25% and 100% of the shares of Restricted Stock awarded; and (iii) if NCR's achievement of NPOICC for fiscal year 2011 is above the “Target” level, the Committee intends to reduce the number of shares of Restricted Stock earned pursuant to Section 1 to between 100% and 150% of the shares of Restricted Stock awarded. Notwithstanding the foregoing, in the event that NCR's achievement of NPOICC for fiscal year 2011 is above the “Target” level and NCR's achievement of NPOICC for fiscal year 2012 is less than the “Target” level for fiscal year 2011, then the Committee intends to reduce the number of shares of Restricted Stock earned pursuant to Section 1 to 100% of the shares of Restricted Stock awarded. Notwithstanding the foregoing, the Committee reserves the right to deviate from such reduction formula based on achievement of NPOICC and may reduce the number of shares of Restricted Stock that will Vest based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate and/or advisable; provided, however, that it is the intention of the Committee that it will deviate from such reduction formula based on achievement of NPOICC only in extreme and unusual circumstances:

| NPOICC Level | Number of Shares Earned (as a % of Restricted Stock Awarded) |
|--------------|--|
| Threshold | 25% |
| Target | 100% |
| Maximum | 150% |

3. “NPOICC” is defined as (A minus (B times C)). “A” equals “Non-Pension Operating Income” (which is operating income before defined benefit pension expense (or income) and including costs attributable to stock options) for the fiscal year, as reported by NCR at the conclusion of the fiscal year. “B” equals “Controllable Capital”, which is working capital (comprised of accounts receivable plus inventory, minus the sum of accounts payable, deferred revenue and customer deposits), plus the sum of Property, Plant & Equipment, other current assets excluding taxes, and capitalized software, minus the sum of payroll and employee benefits and other current liabilities, excluding taxes and severance (FAS 112 liability). “C” equals 10%, which approximates NCR's weighted average cost of capital.

4. For purposes of this Agreement, “Return on Capital” shall mean Non-Pension Operating Income divided by Controllable Capital, each as defined in Section 3 above.

5. (a) In the event of your Termination of Employment (as defined in the Plan) with NCR prior to your Vesting

Date due to: (i) your death, or (ii) cessation of active employment by NCR as a result of a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"), then a pro rata portion of the shares of Restricted Stock will become Vested, effective as of the date of your Termination of Employment. The pro rata portion will be determined by multiplying the "Target" number of Stock Units described in Section 2 (100% of the Stock Units awarded) by a fraction, the numerator of which is the number of full and partial months of employment you completed after the date of grant of this award (the "Grant Date"), and the denominator of which is the number of full and partial months between the Grant Date and March 3, 2014.

(b) In the event of your Termination of Employment with NCR prior to the Vesting Date due to: (i) your Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Committee other than, if applicable to you, for Good Reason (as described below) during the 24 months following a Change in Control (as defined in the Plan)); or (ii) involuntary termination of your employment by the Company for any reason other than for Cause (as defined in the Plan), other than termination by the Company during the 24 months following a Change in Control; then, based upon the Committee's certification of Return on Capital and any discretionary reduction in the number of Vested shares of Restricted Stock pursuant to Section 2, a pro rata portion of the shares of Restricted Stock will become Vested, effective as of the end of the Performance Period or, if later, the date of your Termination of Employment. The pro rata portion will be determined calculating the total number of shares you would have received (through Vesting of shares of Restricted Stock) if your NCR employment had not terminated prior to your Vesting Date, and multiplying that number by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is the number of full and partial months between the Grant Date and March 3, 2014.

(c) Notwithstanding any provision in this Agreement to the contrary other than Sections 6, 12, 13, 14 and 21:

(i) in the event a Change in Control occurs on or prior to December 31, 2011 and this Restricted Stock award is not assumed, converted or replaced by the continuing entity, the Restricted Stock shall Vest immediately prior to the Change in Control (without regard to performance or pro-ration) at the "Target" level described in Section 2 (100% of the shares of Restricted Stock awarded);

(ii) in the event a Change in Control occurs after December 31, 2011 and this restricted stock award is not assumed, converted or replaced by the continuing entity, the Restricted Stock shall Vest immediately prior to the Change in Control as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Restricted Stock will Vest (without regard to performance after the Change in Control or pro-ration) based on actual performance for fiscal year 2011 (without adjustment based on performance for fiscal year 2012) and the Committee's reduction of the number of shares of Restricted Stock earned in accordance with the table set forth in Section 2, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Restricted Stock will Vest (without regard to pro-ration) based on actual performance during the Performance Period and the Committee's reduction of the number of shares of Restricted Stock earned in accordance with the table set forth in Section 2;

(iii) except as provided in clause (v) below, in the event of a Change in Control on or prior to December 31, 2011 wherein this Restricted Stock award is assumed, the Restricted Stock will Vest on your Vesting Date (without regard to performance or pro-ration) at the "Target" level described in Section 2 (100% of the shares of Restricted Stock awarded), subject to your continued employment through and until your Vesting Date;

(iv) except as provided in clause (v) below, in the event of a Change in Control after December 31, 2011 and prior to the Vesting Date wherein this restricted stock award is assumed, the Restricted Stock shall Vest on your Vesting Date as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Restricted Stock will Vest (without regard to performance after the Change in Control or pro-ration) based on actual performance for fiscal year 2011 (without adjustment based on actual performance for fiscal year 2012) and the Committee's reduction of the number of shares of Restricted Stock earned in accordance with the table set forth in Section 2, subject to your continued employment through and

until your Vesting Date, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Restricted Stock will Vest (without regard to pro-ration) based on actual performance during the Performance Period and the Committee's reduction of the number of shares of Restricted Stock earned in accordance with the table set forth in Section 2, subject to your continued employment through and until your Vesting Date; and

(v) notwithstanding the provisions of clause (iii) and (iv) to the contrary, if, during the 24 months following the Change in Control, you incur a Termination of Employment by NCR other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability or, if you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines "Good Reason" in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined, to the extent not then-Vested, the Restricted Stock award shall Vest immediately upon your Termination of Employment at the level specified in clause (iii) or (iv) as applicable.

(d) Except as otherwise provided in this Section 5, if your employment terminates prior to your Vesting Date for any reason, the Restricted Stock will automatically be forfeited without further action or notice by the Company.

6. By accepting this award, unless disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Restricted Stock will be forfeited if you violate the terms and conditions of this Section.

7. In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extra-ordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of NCR, the Committee or the Board of Directors of NCR shall make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of securities subject to outstanding awards. In the case of Corporate Transactions (as defined in the Plan), such adjustments may include, without limitation, (1) the cancellation of outstanding awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such awards, as determined by the Committee or the Board of Directors of NCR in its sole discretion, *provided*, that in the event of the cancellation of such awards pursuant to this clause (1), the awards shall Vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the Restricted Stock subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities). The Committee will adjust the Performance Goals (as defined in the Plan) applicable to any awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations, and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles and as identified in NCR's financial statements, notes to the financial statements, management's discussion and analysis or other NCR filings with the Securities and Exchange Commission.

8. You will be the record owner of the Restricted Stock until such shares are forfeited, and as the record owner you will be entitled to all rights of a common stockholder of NCR, including without limitation, voting rights and rights to cash and in-kind dividends, if any, on the Restricted Stock; provided, however, that the right to dividends will be subject to Section 10 below, and, prior to your Vesting Date, the Restricted Stock is not freely transferable. Until the Restricted Stock has become Vested, the Restricted Stock shall be issued in book-entry only form and shall not be represented by a certificate. The restrictions set forth in this Agreement shall be reflected on the stock transfer records maintained by or on behalf of NCR. You agree that, in order to ensure compliance with the restrictions imposed on the Restricted Stock under this Agreement, NCR may issue appropriate "stop transfer" instructions to its transfer agent and/or third party Plan administrator. By execution of this Agreement and effective until the Restricted Stock has become Vested, you hereby irrevocably constitute and appoint the Chief Executive Officer and the Chief Financial Officer of the Company attorneys-in-fact to transfer the Restricted Stock on the stock transfer records of NCR with full power of substitution. You agree to take any and all other actions (including without limitation executing, delivering, performing and filing such other agreements, instruments and documents) as NCR may deem necessary or appropriate to carry out and give effect to the provisions of this Agreement. As soon as practicable after your Vesting Date, subject to Section 11

below, NCR will instruct its transfer agent and/or third party Plan administrator to release the restrictions on your record account and the Restricted Stock will become freely transferable.

9. Prior to Vesting, the Restricted Stock may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death.

10. Any cash dividends declared before your Vesting Date on the Restricted Stock shall not be paid currently, but shall be reinvested in shares of common stock of NCR. Any shares resulting from such reinvestment (the "Dividend Shares") will be considered Restricted Stock for purposes of this Agreement and will be subject to all of the terms, conditions and restrictions set forth herein. As of each date that NCR would otherwise pay the declared dividend on the Restricted Stock (the "Dividend Payment Date") in the absence of the reinvestment requirements of this Section, the number of Dividend Shares will be determined by dividing the amount of dividends otherwise attributable to the Restricted Stock but not paid on the Dividend Payment Date by the Fair Market Value of NCR's common stock on the Dividend Payment Date. The Committee may, in its discretion, take such action as it deems appropriate regarding in-kind dividends or distributions with respect to the Restricted Stock prior to your Vesting Date, which actions may include, without limitation, current distribution or liquidation or reinvestment in Restricted Stock. Any securities or property so distributed may, in the Committee's discretion, be subject to any or all of the forfeiture provisions set forth in this Agreement.

11. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Restricted Stock, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Restricted Stock, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section, your acceptance of this award of Restricted Stock constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of Vested Restricted Stock as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of Vested Restricted Stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that the Restricted Stock becomes Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the tax withholding requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of Vested Restricted Stock described above. You acknowledge that this Section is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of Vested Restricted Stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 11(a) you are an executive officer subject to the provisions of Section 16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall withhold the whole number of shares of Vested Restricted Stock as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of Vested Restricted Stock described in this Section.

(c) Notwithstanding the foregoing, if you are paid through a non-United States NCR payroll system, you agree that NCR may satisfy any tax withholding requirements with respect to the Restricted Stock by withholding cash from compensation otherwise due to you or by any other action as it may deem necessary to satisfy the tax withholding requirements.

12. In exchange for the Restricted Stock, you agree that during your employment with NCR and for a twelve (12) month period after the termination of employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not, yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates, or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR,

its subsidiaries or affiliates. If you breach the terms of this Section, you agree that in addition to any liability you may have for damages and/or equitable relief arising from such breach, any Restricted Stock that has not yet Vested will be immediately forfeited, and you will pay to NCR the Fair Market Value of any Restricted Stock that Vested during the twelve (12) months prior to the date of termination of your employment. Such Fair Market Value shall be determined as of the Vesting Date. If you breach the terms of this Section prior to your Vesting Date but after your employment terminates due to the circumstances described in the first paragraph of Section 5, your award will be forfeited and you will not receive a pro rata portion of the Restricted Stock.

As used in this Section, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

13. By accepting the Restricted Stock, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with NCR (including its termination) shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or nearest major city (i.e., with a population in excess of 250,000) in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney or former judge or magistrate knowledgeable in employment law and/or competition law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles. Each party shall bear its own attorney's fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association for an arbitration held in the United States, or similar applicable rules for an arbitration held outside the United States. The Restricted Stock will be forfeited if the Committee determines that you engaged in misconduct in connection with your employment with NCR. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph.

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 12, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 12, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration.

14. By accepting the Restricted Stock, you acknowledge and agree that, to the extent that the Restricted Stock constitutes "Covered Incentive Compensation" subject to the terms of NCR's Compensation Recovery Policy, as the same may be in effect from time to time (the "Compensation Recovery Policy"), then, notwithstanding any other provision of this Agreement to the contrary, you may be required to forfeit or repay any or all of the Restricted Stock pursuant to the terms of the Compensation Recovery Policy. Further, you acknowledge and agree that NCR may, to the extent permitted by law, enforce any repayment obligation pursuant to the Compensation Recovery Policy by reducing any amounts that may be owing from time-to-time by NCR to you, whether as wages, severance, vacation pay or in the form of any other benefit or for any other reason.

15. Subject to the terms of this Agreement, you may at any time designate one or more beneficiaries to receive all or part of any Restricted Stock 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 Restricted Stock distributable hereunder that is subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Agreement. Any other Restricted Stock not designated by you will be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the Restricted Stock in question may be transferred to your estate, in which event NCR will have no further liability to anyone with respect to such Restricted Stock.

16. By accepting this award, you agree that data, including your personal data, necessary to administer this award may be exchanged among NCR and its subsidiaries and affiliates as necessary, and with any vendor engaged by NCR to administer this award. You also consent to receiving information and materials in connection with this award or any subsequent awards under the Plan or any successor thereto, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by Web site access and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you.

17. Your participation in the Plan is voluntary. The value of this award is an extraordinary item of income, is not part of your normal or expected compensation and shall not be considered in calculating any severance, redundancy, end of service payments, bonus, long-service awards, pension, retirement or other benefits or similar payments. The Plan is discretionary in nature. This award is a one-time benefit that does not create any contractual or other right to receive additional awards or other benefits in the future. Future grants, if any, are at the sole grace and discretion of NCR, including but not limited to, the timing of the grant, amount and vesting provisions.

18. The provisions of this Agreement are severable. If any provision of this Agreement is held to be unenforceable or invalid by a court or other tribunal of competent jurisdiction (including an arbitration tribunal), it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law.

19. The terms of this award of Restricted Stock as evidenced by this Agreement may be amended by the NCR Board of Directors or the Committee.

20. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail, except that with respect to matters involving choice of law the terms and conditions of Section 13 of this Agreement shall prevail.

21. Notwithstanding any other provision of this Agreement, this award of Restricted Stock and your right to retain any shares of Restricted Stock that become Vested hereunder are subject to your timely annual certification to NCR's Code of Conduct.

**2011 Performance Based Restricted Stock Unit Agreement
NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted stock units (the "Stock Units") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as described on the restricted stock unit information page on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), subject to the terms and conditions of this 2011 Performance Based Restricted Stock Unit Agreement (this "Agreement") and the Plan.

1. Subject to potential reduction as set forth in Section 2 and further subject to the other terms and conditions of this Agreement, one hundred and fifty percent of the Stock Units will become nonforfeitable ("Vested") on March 3, 2014 (your "Vesting Date"), provided that (i) the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") has certified that NCR has achieved the level of Return on Capital (as defined below) described in your award letter for the period from January 1, 2011, through December 31, 2012 (the "Performance Period"), and (ii) you are continuously employed by NCR until your Vesting Date. In all cases, the Committee shall certify whether NCR has achieved the specified level of Return on Capital within seventy (70) days following the end of the Performance Period.

2. The actual number of Stock Units that become Vested based on achieving the level of Return on Capital during the Performance Period described in your award letter may be reduced by the Committee in its sole and absolute discretion following the end of the Performance Period based on such factors as the Committee determines to be appropriate and/or advisable including without limitation NCR's achievement of Non-Pension Operating Income Minus Capital Charge ("NPOICC") for all or a portion of the Performance Period. It is the current intention of the Committee that the Committee will exercise its discretion to reduce the number of Stock Units earned pursuant to Section 1 based on NCR's achievement of NPOICC for 2011 as set forth in the table below, such that: (i) if NCR's achievement of NPOICC for fiscal year 2011 is below the "Threshold" level, then the Committee intends to reduce the number of Stock Units earned pursuant to Section 1 to zero; (ii) if NCR's achievement of NPOICC for fiscal year 2011 is between the "Threshold" and "Target" levels, then the Committee intends to reduce the number of Stock Units earned pursuant to Section 1 to between 25% and 100% of the Stock Units awarded; and (iii) if NCR's achievement of NPOICC for fiscal year 2011 is above the "Target" level, the Committee intends to reduce the number of Stock Units earned pursuant to Section 1 to between 100% and 150% of the Stock Units awarded. Notwithstanding the foregoing, in the event that NCR's achievement of NPOICC for fiscal year 2011 is above the "Target" level and NCR's achievement of NPOICC for fiscal year 2012 is less than the "Target" level for fiscal year 2011, then the Committee intends to reduce the number of Stock Units earned pursuant to Section 1 to 100% of the Stock Units awarded. Notwithstanding the foregoing, the Committee reserves the right to deviate from such reduction formula based on achievement of NPOICC and may reduce the number of Stock Units that will Vest based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate and/or advisable; provided, however, that it is the intention of the Committee that it will deviate from such reduction formula based on achievement of NPOICC only in extreme and unusual circumstances.

| NPOICC Level | Stock Units Earned (as a % of Stock Units Awarded) |
|--------------|--|
| Threshold | 25% |
| Target | 100% |
| Maximum | 150% |

3. "NPOICC" is defined as (A minus (B times C)). "A" equals "Non-Pension Operating Income" (which is operating income before defined benefit pension expense (or income) and including costs attributable to stock options) for the fiscal year, as reported by NCR at the conclusion of the fiscal year. "B" equals "Controllable Capital", which is working capital (comprised of accounts receivable plus inventory, minus the sum of accounts payable, deferred revenue and customer deposits), plus the sum of Property, Plant & Equipment, other current assets excluding taxes, and capitalized software, minus the sum of payroll and employee benefits and other current liabilities, excluding taxes and severance (FAS 112 liability). "C" equals 10%, which approximates NCR's weighted average cost of capital.

4. For purposes of this Agreement, "Return on Capital" shall mean Non-Pension Operating Income divided by Controllable Capital, each as defined in Section 3 above.

5. Except as may be otherwise provided in Sections 6 or 7 below or pursuant to an election under Section 14(k)

of the Plan: (i) any Vested Stock Units that constitute a “deferral of compensation” subject to Section 409A of the Code will be paid to you within seventy (70) days after the earlier of (a) your Vesting Date, or (b) your Termination of Employment (as defined in the Plan); and (b) any Vested Stock Units that do not constitute a “deferral of compensation” subject to Section 409A of the Code will be paid to you within seventy (70) days after your Vesting Date (or such earlier date of the Stock Units become Vested pursuant to Section 6). Such Vested 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) or, in NCR's sole discretion, in an amount of cash equal to the Fair Market Value (as defined in the Plan) of such number of shares of NCR common stock as of the Vesting Date (or such earlier date upon which the Stock Units have become Vested pursuant to Section 6 of this Agreement), or a combination thereof.

6. Certain Events Prior to Your Vesting Date.

(a) In the event of your Termination of Employment with NCR prior to your Vesting Date due to: (i) your death, or (ii) cessation of active employment by NCR as a result of a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR (“Disability”), then a pro rata portion of the Stock Units will become Vested, effective as of the date of your Termination of Employment. The pro rata portion will be determined by multiplying the “Target” number of Stock Units described in Section 2 (100% of the Stock Units awarded) by a fraction, the numerator of which is the number of full and partial months of employment you completed after the date of grant of this award (the “Grant Date”), and the denominator of which is the number of full and partial months between the Grant Date and March 3, 2014. In the event of your Termination of Employment with NCR prior to the end of the Performance Period as a result of Disability, then, to the extent that your Stock Units constitute a “deferral of compensation” subject to Section 409A of the Code and subject to Section 7 below, the pro rata portion of your Vested Stock Units will be paid within seventy (70) days following the end of the Performance Period.

(b) In the event of your Termination of Employment with NCR prior to the Vesting Date due to: (i) your Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Committee other than, if applicable to you, for Good Reason (as described below) during the 24 months following a Change in Control (as defined in the Plan)); or (ii) involuntary termination of your employment by the Company for any reason other than for Cause (as defined in the Plan), other than termination by the Company during the 24 months following a Change in Control; then, based upon the Committee's certification of Return on Capital and any discretionary reduction in the number of Vested Stock Units pursuant to Section 2, a pro rata portion of the Stock Units will become Vested, effective as of the end of the Performance Period or, if later, the date of your Termination of Employment. The pro rata portion will be determined calculating the total number of shares (or amount of cash) you would have received (through Vesting of Stock Units) if your NCR employment had not terminated prior to your Vesting Date, and multiplying that number by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is the number of full and partial months between the Grant Date and March 3, 2014. In the event of your Termination of Employment with NCR prior to the end of the Performance Period under the circumstances described in this Section 6(b), then, subject to Section 7 below, the pro rata portion of your Vested Stock Units will be paid within seventy (70) days following the end of the Performance Period.

(c) Notwithstanding any provision in this Agreement to the contrary other than Sections 8, 13, 14, 15 and 22:

(i) in the event a Change in Control occurs on or prior to December 31, 2011 and this restricted stock unit award is not assumed, converted or replaced by the continuing entity, the Stock Units shall Vest immediately prior to the Change in Control (without regard to performance or pro-ration) at the “Target” level described in Section 2 (100% of the Stock Units awarded);

(ii) in the event a Change in Control occurs after December 31, 2011 and this restricted stock unit award is not assumed, converted or replaced by the continuing entity, the Stock Units shall Vest immediately prior to the Change in Control as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Stock Units will Vest (without regard to performance after the Change in Control or pro-ration) based on actual performance for fiscal year 2011 (without adjustment based on performance for fiscal year 2012) and the Committee's reduction of the number of Stock Units earned in accordance with the table set forth in Section 2, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Stock Units will Vest (without regard to pro-ration) based on actual performance during the Performance Period and the Committee's reduction of the number of Stock Units earned in accordance with the table

set forth in Section 2;

(iii) except as provided in clause (v), in the event of a Change in Control on or prior to December 31, 2011 wherein this restricted stock unit award is assumed, the Stock Units will Vest on your Vesting Date (without regard to performance or pro-ration) at the "Target" level described in Section 2 (100% of the Stock Units awarded), subject to your continued employment through and until your Vesting Date;

(iv) except as provided in clause (v), in the event of a Change in Control after December 31, 2011 wherein this restricted stock unit award is assumed, the Stock Units shall Vest on your Vesting Date as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Stock Units will Vest (without regard to performance after the Change in Control or pro-ration) based on actual performance for fiscal year 2011 (without adjustment based on actual performance for fiscal year 2012) and the Committee's reduction of the number of Stock Units earned in accordance with the table set forth in Section 2, subject to your continued employment through and until your Vesting Date, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Stock Units will Vest (without regard to pro-ration) based on actual performance during the Performance Period and the Committee's reduction of the number of Stock Units earned in accordance with the table set forth in Section 2, subject to your continued employment through and until your Vesting Date; and

(v) notwithstanding the provisions of clause (iii) and (iv) to the contrary, if, during the 24 months following the Change in Control, you incur a Termination of Employment by NCR other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability or, if you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines "Good Reason" in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined, to the extent not then-Vested, the Stock Units shall Vest immediately upon your Termination of Employment at the level specified in clause (iii) or (iv) as applicable. In the event of your Termination of Employment with NCR on or prior to the end of the Performance Period under the circumstances described in this Section 6(c)(v), then, subject to Section 7 below, the pro rata portion of your Vested Stock Units will be paid within seventy (70) days following the end of the Performance Period.

(d) Except as otherwise provided in this Section 6, if your employment terminates prior to your Vesting Date for any reason, the Stock Units will automatically terminate and be forfeited and no shares or cash will be issued or paid (as the case may be).

7. Section 409A of the Code. The intent of the parties is that payments under this Agreement comply with Section 409A of the Code or are exempt therefrom, and this Agreement shall be interpreted, administered and governed in accordance with such intent.

(a) Termination of Employment. A Termination of Employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of Stock Units subject to Section 409A of the Code upon or following a Termination of Employment unless such termination is also a "separation from service" within the meaning of Section 409A and you are no longer providing services (at a level that would preclude the occurrence of a "separation from service" within the meaning of Section 409A) to NCR as an employee or consultant, and for purposes of any such provision of this Agreement, references to a "termination," "Termination of Employment" or like terms shall mean "separation from service" within the meaning of Section 409A of the Code.

(b) Payment Delay for Specified Employees. If you are a "specified employee" on the date of your separation from service, as determined under NCR's policy for identifying specified employees, then to the extent required in order to comply with Section 409A of the Code, all payments made under this Agreement that constitute a "deferral of compensation" within the meaning of Section 409A of the Code that are provided as a result of your "separation from service" within the meaning of Section 409A of the Code for any reason other than your death and that would otherwise be paid or provided during the first six months following such separation from service shall be accumulated through and paid within 30 days after the first business day that is more than six months after the date of your separation from service (or, if you die during such six-month period, within 30 days after your death).

(c) Acceleration of Payment. Notwithstanding anything to the contrary contained in this Agreement, NCR may, at any time in its sole discretion and to the extent permitted by Treasury Regulation § 1.409A-3(j)(4)(ix)(B), terminate this Agreement and pay all outstanding Stock Units to you within 30 days before or 12 months after a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of NCR within the meaning of Section 409A of the Code.

8. By accepting this award, unless disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Stock Units will be forfeited if you violate the terms and conditions of this Section.

9. In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extra-ordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of NCR, the Committee or the Board of Directors of NCR shall make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of securities subject to outstanding awards. In the case of Corporate Transactions (as defined in the Plan), such adjustments may include, without limitation, (1) the cancellation of outstanding awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such awards, as determined by the Committee or the Board of Directors of NCR in its sole discretion, *provided*, that in the event of the cancellation of such awards pursuant to this clause (1), the awards shall Vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the Stock Units subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities). The Committee will adjust the Performance Goals (as defined in the Plan) applicable to any awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations, and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles and as identified in NCR's financial statements, notes to the financial statements, management's discussion and analysis or other NCR filings with the Securities and Exchange Commission.

10. At all times before your Vesting Date, the Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death. As soon as practicable after your Vesting Date, if Stock Units are to be paid in the form of shares of NCR common stock, NCR will instruct its transfer agent and/or third party Plan administrator to record on your account the number of such shares underlying the number of Stock Units, and such shares will be freely transferable.

11. Any cash dividends declared before your Vesting Date on the shares underlying the Stock Units shall not be paid currently, but shall be converted into additional Stock Units. Any Stock Units resulting from such conversion (the “Dividend Units”) will be considered Stock Units for purposes of this Agreement and will be subject to all of the terms, conditions and restrictions set forth herein. As of each date that NCR would otherwise pay the declared dividend on the shares underlying the Stock Units (the “Dividend Payment Date”) in the absence of the reinvestment requirements of this Section, the number of Dividend Units will be determined by dividing the amount of dividends otherwise attributable to the Stock Units but not paid on the Dividend Payment Date by the Fair Market Value of NCR's common stock on the Dividend Payment Date.

12. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Stock Units, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Stock Units, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section, your acceptance of this award of Stock Units constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of NCR common stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that Stock Units become Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the tax withholding requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of NCR common stock described above. You acknowledge that this Section is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the

Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of NCR common stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 12(a) you are an executive officer subject to the provisions of Section 16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall withhold the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of common stock described in this Section.

(c) Notwithstanding the foregoing, if you are paid through a non-United States NCR payroll system, you agree that NCR may satisfy any tax withholding requirements with respect to the Stock Units by withholding cash from compensation otherwise due to you or by any other action as it may deem necessary to satisfy the tax withholding requirements.

13. In exchange for the Stock Units, you agree that during your employment with NCR and for a twelve (12) month period after the termination of employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not, yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates, or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. If you breach the terms of this Section, you agree that in addition to any liability you may have for damages and/or equitable relief arising from such breach, any Stock Units that have not yet Vested will be immediately forfeited, and you will pay to NCR the Fair Market Value of any Stock Units that Vested, or the amount of cash paid to you in lieu of such Stock Units, during the twelve (12) months prior to the date of termination of your employment. Such Fair Market Value shall be determined as of your Vesting Date. If you breach the terms of this Section prior to your Vesting Date but after your employment terminates due to the circumstances described in the Section 6(a), your award will be forfeited and you will not receive a pro rata portion of the Stock Units.

As used in this Section, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

14. By accepting the Stock Units, you acknowledge and agree that, to the extent that the Stock Units constitute "Covered Incentive Compensation" subject to the terms of NCR's Compensation Recovery Policy, as the same may be in effect from time to time (the "Compensation Recovery Policy"), then, notwithstanding any other provision of this Agreement to the contrary, you may be required to forfeit or repay any or all of the Stock Units pursuant to the terms of the Compensation Recovery Policy. Further, you acknowledge and agree that NCR may, to the extent permitted by law, enforce any repayment obligation pursuant to the Compensation Recovery Policy by reducing any amounts that may be owing from time-to-time by NCR to you, whether as wages, severance, vacation pay or in the form of any other benefit or for any other reason.

15. By accepting the Stock Units, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with NCR (including its termination) shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or nearest major city (i.e., with a population in excess of 250,000) in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business.

organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney or former judge or magistrate knowledgeable in employment law and/or competition law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles. Each party shall bear its own attorney's fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association for an arbitration held in the United States, or similar applicable rules for an arbitration held outside the United States. The Stock Units will be forfeited if the Committee determines that you engaged in misconduct in connection with your employment with NCR. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph.

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 13, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 13, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration.

16. Subject to the terms of this Agreement, you may at any time designate one or more beneficiaries to receive all or part of any shares of NCR common stock underlying the Stock Units. In the event of your death, any such shares distributable hereunder that are subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Agreement. Any other shares of NCR common stock underlying the Stock Units not designated by you will be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the shares of NCR common stock 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.

17. By accepting this award, you agree that data, including your personal data, necessary to administer this award may be exchanged among NCR and its subsidiaries and affiliates as necessary, and with any vendor engaged by NCR to administer this award. You also consent to receiving information and materials in connection with this award or any subsequent awards under the Plan or any successor thereto, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by Web site access and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you.

18. Your participation in the Plan is voluntary. The value of this award is an extraordinary item of income, is not part of your normal or expected compensation and shall not be considered in calculating any severance, redundancy, end of service payments, bonus, long-service awards, pension, retirement or other benefits or similar payments. The Plan is discretionary in nature. This award is a one-time benefit that does not create any contractual or other right to receive additional awards or other benefits in the future. Future grants, if any, are at the sole grace and discretion of NCR, including but not limited to, the timing of the grant, amount and vesting provisions.

19. The provisions of this Agreement are severable. If any provision of this Agreement is held to be unenforceable or invalid by a court or other tribunal of competent jurisdiction (including an arbitration tribunal), it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law.

20. The terms of this award of Stock Units as evidenced by this Agreement may be amended by the NCR Board of Directors or the Committee.

21. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail, except that with respect to matters involving choice of law the terms and conditions of Section 15 of this Agreement shall prevail.

22. Notwithstanding any other provision of this Agreement, this award of Stock Units and your right to receive payment of any Stock Units that become Vested hereunder are subject to your timely annual certification to NCR's Code of Conduct, and in the event of your failure to timely provide any such certification as may be required prior to the date that Stock Units would otherwise be paid under this Agreement, those Stock Units shall be forfeited.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES
EXCHANGE ACT RULE 13a-14

I, William Nuti, 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 officers 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers 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 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: May 2, 2011

/s/ William Nuti

Chairman of the Board, Chief Executive Officer and President

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES
EXCHANGE ACT RULE 13a-14

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 officers 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers 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 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: May 2, 2011

/s/ Robert Fishman

Senior 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 of NCR Corporation, a Maryland corporation (the "Company"), on Form 10-Q for the period ending March 31, 2011 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.

Date: May 2, 2011

/s/ William Nuti

Chairman of the Board, Chief Executive Officer and President

Date: May 2, 2011

/s/ Robert Fishman

Senior 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.