

# Q2 2015 EARNINGS CONFERENCE CALL

BILL NUTI, CHAIRMAN AND CEO  
BOB FISHMAN, CFO

July 28, 2015



# NOTES TO INVESTORS

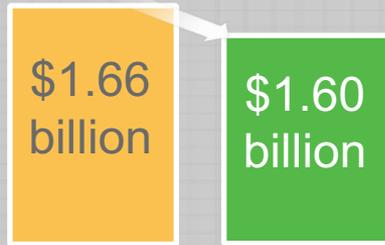
**FORWARD-LOOKING STATEMENTS.** Comments made during this conference call and in these materials contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that describe or relate to NCR's future plans, goals, intentions, strategies or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in these materials include statements about the expected performance and benefits of NCR's Retail ONE technology; statements about anticipated changes in industry demand and customer demand for NCR solutions; expectations regarding customer and industry investment and spending trends affecting NCR and its divisions; expectations for revenue growth in NCR's divisions, including its Retail Solutions business; expectations regarding the transformation of NCR's sales and services functions; the success and expected savings, income statement and cash impacts of NCR's ongoing restructuring plan; the expected financial impacts and other benefits of NCR's pension strategy, including the recently completed transfer of its UK London pension plan to an insurer; foreign currency fluctuations and their impact on NCR's results; and NCR's FY 2015 free cash flow, FY 2015 overall, FY 2015 segment and Q3 2015 financial outlook. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR's control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K and those factors detailed from time to time in NCR's other SEC reports. These materials are dated July 28, 2015, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**NON-GAAP MEASURES.** While NCR reports its results in accordance with generally accepted accounting principles in the United States (GAAP), comments made during this conference call and these materials will include the following "non-GAAP" measures: non-pension operating income (NPOI), non-GAAP diluted earnings per share (non-GAAP diluted EPS), free cash flow (FCF), operational gross margin, operational gross margin rate, expenses (non-GAAP), adjusted EBITDA, effective tax rate, non-GAAP net income and selected measures expressed on a constant currency basis. These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures. Explanations of these non-GAAP measures and reconciliations of these non-GAAP measures to their directly comparable GAAP measures are included in the accompanying "Supplementary Non-GAAP Materials" and are available on the Investor Relations page of NCR's website at [www.ncr.com](http://www.ncr.com). Descriptions of many of these non-GAAP measures are also included in NCR's SEC reports.

**USE OF CERTAIN TERMS.** As used in these materials, (i) the term "software-related revenue" includes software license, software maintenance, cloud, and professional services revenue associated with software delivery, (ii) the term "recurring revenue" means the sum of cloud, hardware maintenance and software maintenance revenue, (iii) the terms "cloud" and "cloud revenue" are used to describe NCR's software-as-a-service offerings and the revenue associated therewith (prior earnings releases and presentation materials referred to these offerings and revenues as "SaaS" and "SaaS revenue") and (iv) the term "CC" means constant currency.

# Q2 2015 FINANCIAL RESULTS

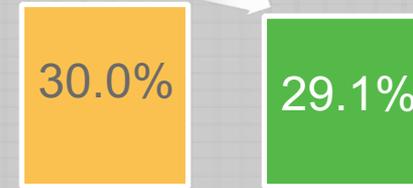
## REVENUE



Q2 2014      Q2 2015

Revenue down 3% y/y, up 4% CC  
 Recurring revenue down 3% y/y, up 3% CC,  
 42% of total revenue

## OPERATIONAL GROSS MARGIN



Q2 2014      Q2 2015

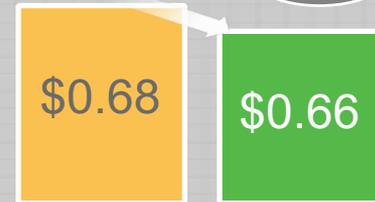
Down 90 bps y/y, down ~100 bps CC

## NPOI



Q2 2014      Q2 2015

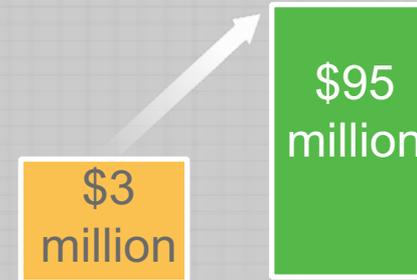
## NON-GAAP EPS



Q2 2014      Q2 2015

NPOI down 4% y/y, up 4% CC  
 Non-GAAP EPS down 3% y/y, up 6% CC

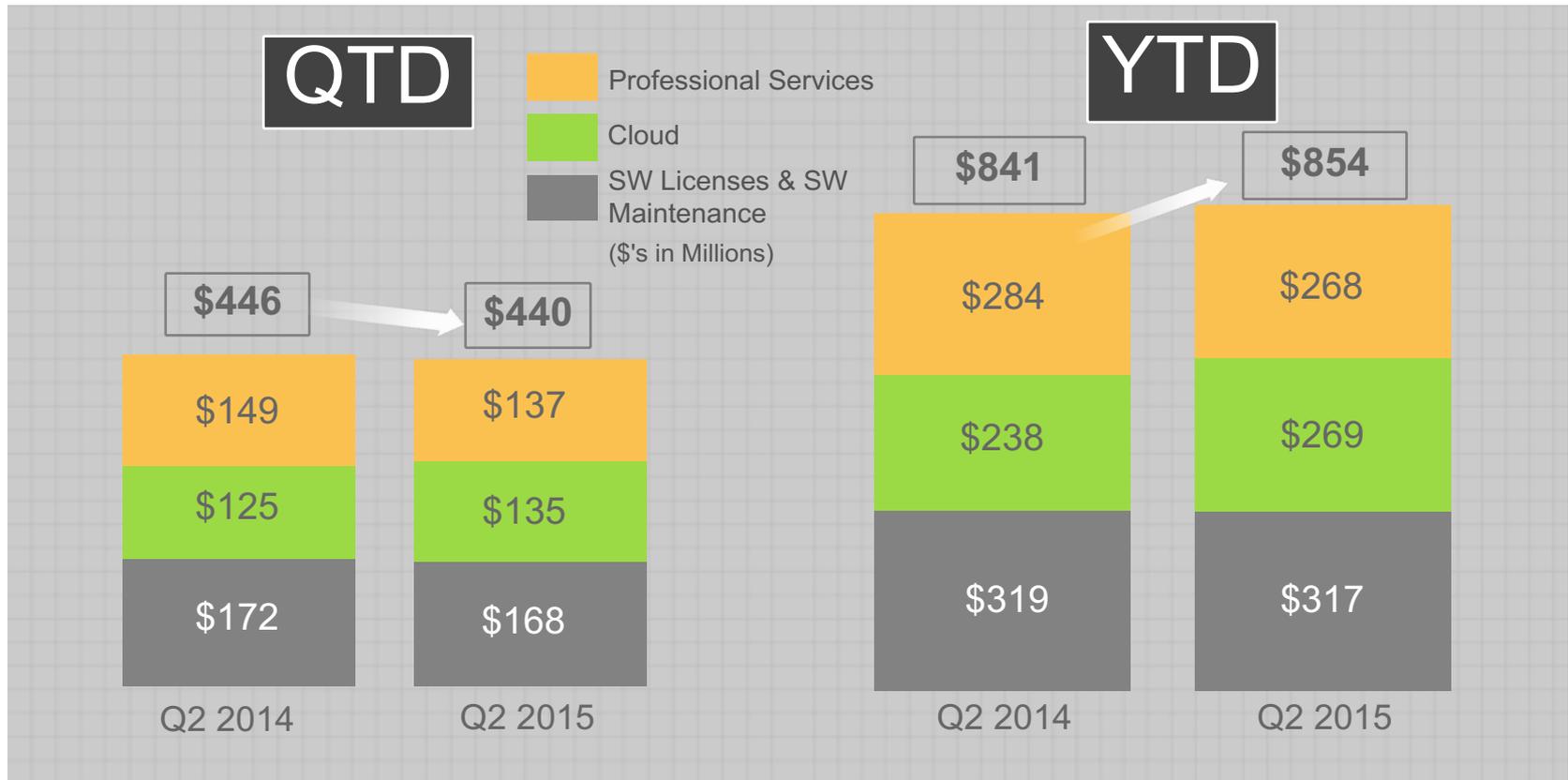
## FREE CASH FLOW



Q2 2014      Q2 2015

FCF improvement driven by cash from operations,  
 capital expenditures, and disc ops

# SOFTWARE-RELATED REVENUE GROWTH



- QTD Software-related revenue down 1% y/y; up 3% CC
- QTD Cloud revenue up 8% y/y; up 9% CC
- QTD Professional Services revenue down 8% y/y; down 2% CC

- YTD Software-related revenue up 2% y/y; up 6% CC
- YTD Cloud revenue up 13% y/y; up 14% CC
- YTD Professional Services revenue down 6% y/y; flat CC

# NCR Commerce Hub: Retail ONE

*Empowers retailers of all sizes to bridge the physical and digital sales channels*



## DELIVER A SUPERIOR & INTEGRATED SHOPPING EXPERIENCE

Open ecosystem  
of applications &  
data



Omni-channel  
software  
platform

## UTILIZE A FLEXIBLE, OPEN PLATFORM

- Implement via the cloud, on-premise software, or hybrid
- Mix and match software applications
- Integrate legacy systems across channels
- Open to new payment technologies

## PARTNER & INDUSTRY SUPPORT



# Q2 2015 SUMMARY

## Q2 results in-line with expectations

- Balanced performance across businesses
- Continued significant FX headwinds
- On track to achieve full year goals

Financial Services – omni-channel solutions generating strong market demand

Retail Solutions – revenue growth driven by shifts in investment priorities and increased spending by retailers; continue to expect further improvement in the second half of 2015; market position supported by Retail ONE launch and SCO leadership

Hospitality – solid operating margin expansion driven by higher software-related revenues

## Growth of software and cloud revenues

- Total software-related revenue down 1%; up 3% CC
- Cloud revenue up 8%; up 9% CC; driven by Hospitality and Financial Services

## Building a stronger NCR

- Sales and Services transformation delivering results
- Restructuring initiatives on track
- Transfer of UK London pension plan to an insurer

Significant development in FCPA matter - SEC staff not recommending enforcement action

Free cash flow increased \$92 million with year-over-year linearity improvements

# Q2 OPERATIONAL RESULTS

	For the Three Months Ended June 30			
	2015	2014	As Reported	Constant Currency
<b>Revenue</b>	\$1,604	\$1,658	(3)%	4%
<b>Operational Gross Margin</b>	467	498	(6)%	—%
<b>Operational Gross Margin Rate</b>	29.1%	30.0%		
<b>Expenses (non-GAAP)</b>	265	288	(8)%	(3)%
<b>% of Revenue</b>	16.5%	17.4%		
<b>NPOI</b>	202	210	(4)%	4%
<b>% of Revenue</b>	12.6%	12.7%	-10 bps	+— bps
<b>Interest and other expense</b>	(45)	(49)	(8)%	(4)%
<b>Non-GAAP Diluted EPS <sup>(1)</sup></b>	\$0.66	\$0.68	(3)%	6%

<sup>(1)</sup> Effective tax rate of 27% in Q2 2015 and Q2 2014.

\$ millions, except per share amounts

# Q2 GAAP RESULTS

## For the Three Months Ended June 30

	2015	2014	% Change
<b>Revenue</b>	\$1,604	\$1,658	(3)%
<b>Gross Margin <sup>(1)</sup></b>	146	480	(70)%
<b>Gross Margin Rate</b>	9.1%	29.0%	
<b>Expenses <sup>(1)</sup></b>	412	311	32%
<b>% of Revenue</b>	25.7%	18.8%	
<b>(Loss) Income from Operations <sup>(1)</sup></b>	(266)	169	(257)%
<b>% of Revenue</b>	(16.6)%	10.2%	
<b>Interest and other expense</b>	(45)	(49)	(8)%
<b>GAAP Diluted EPS <sup>(1)</sup></b>	(\$2.03)	\$0.53	(483)%

<sup>(1)</sup> Decrease primarily to the \$427 million non-cash charge related to settlement of the UK London pension plan in Q2 2015.

\$ millions, except per share amounts

# FINANCIAL SERVICES

## Q2 2015 Update



### Financial Results

	Q2 2015	Q2 2014	As Reported	Constant Currency
Revenue	\$840M	\$900M	(7%)	1%
Operating Income	\$123M	\$137M	(10%)	(2%)
Operating Income as a % of Revenue	14.6%	15.2%	-60 bps	-40 bps

### Key Metrics

- Revenue down 7% as reported and up 1% CC (Up 4% CC excluding Russia & China); CC growth in Americas, Western Europe & MEA offset by Russia/China
- Operating income down 10% as reported and down 2% CC due to a less favorable mix of revenue in North America & Europe and lower revenue in Russia/China
- Software-related revenue flat as reported and up 5% CC
- Branch Transformation revenue grew ~140% led by NAMER and MEA

### Key Market Developments

- Digital banking users grew at record levels vs prior year driven by increased sales capacity and NPS scores
- Enterprise SW growth y/y of ~20% CC based on demand of Cx Banking and Payments SW
- New Services offers gaining traction to support customers' needs for higher availability, efficient infrastructure costs, and reduced risks
- Global interest in Branch Transformation initiatives as other regions look to improve efficiencies and build platform for growth using an Interactive Service platform

# RETAIL SOLUTIONS

Q2 2015 Update



## Financial Results

	Q2 2015	Q2 2014	As Reported	Constant Currency
Revenue	\$505M	\$503M	—%	7%
Operating Income	\$42M	\$48M	(13%)	(4%)
Operating Income as a % of Revenue	8.3%	9.5%	-120 bps	-100 bps

## Key Metrics

- Revenue flat as reported and up 7% CC; CC growth in North America and Europe
- Operating income down 13% as reported & down 4% CC due to a less favorable mix of revenue in North America
- Operating income as a % of revenue was up significantly from Q1 2015
- Cloud revenue up 8% as reported; up 12% CC; driven by 30% growth in Connected Payments
- Software-related revenue down 6% as reported; down 2% CC

## Key Market Developments

- Continued innovation through launch of Retail ONE omni-commerce platform in June
- Shift in investment priorities gaining traction - CC revenue growth driven by increased retailer spending
- Continue to expect further improvement during the second half of 2015
- Maintain order momentum in Q2 after a very strong Q1; Major new SCO win in Europe in Q2 2015
- Growing demand in the petroleum and convenience vertical segment globally
- RBR confirms NCR's continued global leadership in self-checkout; #1 POS in North America for first time ever
- Connected Payments software solution continued to drive strong cloud revenue growth
- Sequential growth in managed services revenue driven by the successful onboarding of one of our top customers

# HOSPITALITY

Q2 2015 Update



## Financial Results

	Q2 2015	Q2 2014	As Reported	Constant Currency
Revenue	\$172M	\$170M	1%	4%
Operating Income	\$27M	\$23M	17%	17%
Operating Income as a % of Revenue	15.7%	13.5%	+220 bps	+220 bps

## Key Metrics

- Revenue up 1% as reported and up 4% CC due to higher software-related revenue partially offset by lower hardware revenue
- Operating income up 17% as reported due to higher software-related revenue including cloud and professional services revenue
- Cloud revenue up 23%; up 26% CC
- Software-related revenue up 11%; up 13% CC

## Key Market Developments

- Successful launch of NCR Orderman7 mobile POS to U.S. market
- Strong cloud revenue growth driven by omni-channel; total cloud application sites up 18% y/y
- International expansion continues - software-related revenue grew by 12% y/y
- Continued success executing North America SMB market strategy with 8% revenue growth y/y and 18% software-related revenue growth y/y
- Added menu maintenance managed service offering for franchisees of Quick Service brands

# EMERGING INDUSTRIES

Q2 2015 Update



## Financial Results

	Q2 2015	Q2 2014	As Reported	Constant Currency
<b>Revenue</b>	\$87M	\$85M	2%	11%
<b>Operating Income</b>	\$10M	\$2M	400%	500%
<b>Operating Income as a % of Revenue</b>	11.5%	2.4%	+910 bps	+1,030 bps

## Key Metrics

- Revenue up 2% as reported and up 11% CC; CC growth driven by Telecom & Technology revenue
- Operating income up 400% as reported and up 500% CC due to higher services margins

## Key Market Developments

### *Telecom & Technology*

- Operating income increase due to improved onboarding of prior contract wins

### *Travel*

- Redesigning check-in experiences around the world - record 45M mobile airline boarding passes in Q2 2015, up 84% y/y

### *Small Business (NCR Silver)*

- Driving further adoption of NCR Silver; customer base up 12% over Q1 2015 and up 104% y/y
- Enhanced NCR Silver offering through introduction of concierge and data analytics offerings

# Q2 SUPPLEMENTAL REVENUE INFORMATION

	For the Periods Ended June 30			
	Three Months			
	2015	2014	% Change	% Change (Constant Currency)
Cloud	\$135	\$125	8%	9%
Software License and Software Maintenance	168	172	(2%)	3%
Professional Services	137	149	(8%)	(2%)
<b>Total Software-Related Revenue</b>	<b>440</b>	<b>446</b>	<b>(1%)</b>	<b>3%</b>
Hardware	622	637	(2%)	6%
Other Services	542	575	(6%)	2%
<b>Total Revenue</b>	<b>\$1,604</b>	<b>\$1,658</b>	<b>(3%)</b>	<b>4%</b>

\$ millions

# FREE CASH FLOW

	QTD		YTD		FY 2015e	FY 2014
	Q2 2015	Q2 2014	Q2 2015	Q2 2014		
Cash Provided by Operating Activities <sup>(1)</sup>	\$167	\$80	\$246	\$111	\$620 - \$650	\$524
Net capital expenditures	(59)	(73)	(110)	(139)	(215) - (235)	(258)
Cash used In Discontinued Operations	(13)	(22)	(17)	(38)	(35)	(1)
Pension discretionary contributions and settlements	—	18	—	18	—	48
<b>Free Cash Flow</b>	<b>\$95</b>	<b>\$3</b>	<b>\$119</b>	<b>(\$48)</b>	<b>\$350 - \$400 <sup>(2)</sup></b>	<b>\$313</b>
<b>Free Cash Flow as a % of non-GAAP net income</b>					<b>~80%</b>	<b>67%</b>

<sup>(1)</sup> Includes cash tax rate of 12% in FY 2014 and an expected cash tax rate of 13% in FY 2015.

<sup>(2)</sup> Free cash flow guidance has increased to \$350 million to \$400 million from prior guidance of \$325 million to \$375 million.

\$ millions, except metrics

# UK LONDON TRANSACTION COMPLETED

- Final transaction of Pension Phase III completed
  - UK London transaction announced in November 2013 and settlement completed in Q2 2015 with transfer of the plan to an insurer
  - We have taken positive steps to help de-risk the global pension portfolio for investors
- UK London transaction resulted in a material reduction in liability, participants, and enterprise risk as part of our overall de-risking strategy
  - Over 5,000 participants shifted to insurance
  - Approximately \$840 million liability removed (~19% of Dec 2014 total liability)
  - No further cash contributions required after 2013 agreement
  - Action eliminates future risks related to potential mortality and inflation changes
  - Administrative costs eliminated
- Financial Impacts:
  - Ongoing pension expense: Increases by ~\$15M/year on a full year basis
  - Q2 non-cash settlement charge increased underfunded status by \$427M
  - Estimated cash savings of ~\$100 million from 2014 through 2017, significantly improving free cash flow

*The completion of this transaction concludes Pension Phase III*

# RESTRUCTURING PROGRESS UPDATE

## Expected Savings

- \$18M in 2014, ~\$70M in 2015 and ~\$105M in 2016
- ~50% of the savings benefiting NPOI in each year

## GAAP Income Statement Impact

- Total charge of \$200M to \$225M from 2014 through 2015;
- \$24M YTD Q2 2015
- ~\$15M to ~\$40M remaining in FY 2015

## Cash Impact

- Total cash impact of \$100M to \$115M from 2014 through 2015;
- \$30M YTD Q2 2015
- ~\$41M to ~\$56M remaining in FY 2015

# NET DEBT & EBITDA METRICS

	Q2 2014	Q4 2014	Q2 2015
Debt	\$3,923	\$3,659	\$3,474
Cash	483	511	425
Net Debt	\$3,440	\$3,148	\$3,049
Adjusted EBITDA	\$941 <sup>(1)</sup>	\$1,000	\$992 <sup>(1)</sup>
Net Debt / Adjusted EBITDA	3.7x	3.1x	3.1x

<sup>(1)</sup> Adjusted EBITDA for the trailing twelve-month period.

\$ in millions, except metrics

Goal for Net Debt / Adjusted EBITDA under 3x in 2015

# FY 2015 GUIDANCE

	2015 Guidance	2014
<b>Revenue</b>	\$6,525 - \$6,675	\$6,591
<b>Year-over-Year Revenue Growth</b>	(1%) to 1%	8%
<b>Constant Currency Year-Over-Year Revenue Growth</b>	5% to 7% <sup>(1)</sup>	10%
<b>Income from Operations (GAAP)<sup>(2)</sup></b>	\$194 - \$259 <sup>(3)</sup>	\$353
<b>Non-Pension Operating Income (NPOI)</b>	\$830 - \$870	\$820
<b>Adjusted EBITDA</b>	\$1,040 - \$1,080	\$1,000
<b>Diluted EPS (GAAP)<sup>(2)</sup></b>	(\$0.40) - (\$0.70) <sup>(3)</sup>	\$1.06
<b>Non-GAAP Diluted EPS<sup>(4)</sup></b>	\$2.60 - \$2.80	\$2.74
<b>Cash Flow from Operating Activities</b>	\$620 - \$650	\$524
<b>Free Cash Flow</b>	\$350 - \$400 <sup>(5)</sup>	\$313

\$ in millions, except per share amounts

- (1) Expected constant currency growth of 5% to 7%, which includes unfavorable foreign currency impacts of approximately 6% in revenue.
- (2) For 2014, actuarial mark-to-market pension adjustment is included; 2015 guidance does not include actuarial mark-to-market pension adjustments, which will be determined in Q4 2015.
- (3) Revised to reflect the \$427 million non-cash charge related to settlement of the UK London pension plan.
- (4) 2015 guidance includes expected other expense (income), net (OIE) of \$215M to \$220M, a 25% tax rate and a share count of 175M. 2014 results include OIE of \$213M, a 22% tax rate and a share count of 171.2M.
- (5) Free cash flow guidance has increased to \$350 million to \$400 million from prior guidance of \$325 million to \$375 million.

# 2015 SEGMENT REVENUE GUIDANCE

Segment	2015e	2015e Constant Currency	FY 2014
Financial Services	(2%) to 0%	4% to 6%	\$3,561
Retail Solutions	(1%) to 1%	4% to 6%	\$2,008
Hospitality	3% to 7%	5% to 9%	\$659
Emerging Industries	(6%) to (1%)	0% to 5%	\$363
<b>Total</b>	<b>(1%) to 1%</b>	<b>5% to 7%</b>	<b>\$6,591</b>

\$ in millions

# Q3 2015 GUIDANCE

	Q3 2015e	Q3 2014
Revenue	\$1,630 - \$1,650 <sup>(1)</sup>	\$1,647
Income from Operations (GAAP)	\$158 - \$168 <sup>(2)</sup>	\$41
Non-Pension Operating Income (Non-GAAP)	\$210 - \$220 <sup>(3)</sup>	\$204
Tax rate	23%	22%
Other expense	~\$55	\$57

(1) Includes an estimated unfavorable foreign currency impact of approximately 6% in revenue.

(2) Includes an estimated pre-tax charge of \$13M in Q3 2015 related to the ongoing restructuring plan.

(3) Includes as estimated unfavorable foreign currency impact of approximately \$17M in NPOI in Q3 2015.

\$ millions

SUPPLEMENTARY  
NON-GAAP MATERIALS

# NON-GAAP MEASURES

While NCR reports its results in accordance with generally accepted accounting principles (GAAP) in the United States, comments made during this conference call and in these materials will include non-GAAP measures. These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures.

***NPOI, Non-GAAP Diluted EPS, Operational Gross Margin, Operational Gross Margin Rate, Expenses (non-GAAP), Effective Tax Rate and Non-GAAP Net Income.*** NCR's non-pension operating income (NPOI), non-GAAP net income and non-GAAP diluted earnings per share (non-GAAP diluted EPS) are determined by excluding pension expense and special items, including amortization of acquisition related intangibles, from NCR's GAAP income (loss) from operations. NCR also determines operational gross margin, operational gross margin rate, expenses (non-GAAP) and effective tax rate (non-GAAP) by excluding pension expense and these special items from its GAAP gross margin, gross margin rate, expenses and effective tax rate. Due to the significant change in its pension expense from year to year and the non-operational nature of pension expense and these special items, NCR's management uses these non-GAAP measures to evaluate year-over-year operating performance. NCR also uses NPOI and non-GAAP diluted EPS to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR believes these measures are useful for investors because they provide a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with NCR's past reports of financial results.

***Free Cash Flow.*** NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, additions to capitalized software, discretionary pension contributions and settlements. NCR's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for, among other things, investment in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repayment of the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. Free cash flow (FCF) do not have uniform definitions under GAAP and, therefore, NCR's definition may differ from other companies' definition of this measure.

# NON-GAAP MEASURES

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

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

NCR management's definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their corresponding GAAP measures in the following slides and elsewhere in these materials. These reconciliations and other information regarding these non-GAAP measures are also available on the Investor Relations page of NCR's website at [www.ncr.com](http://www.ncr.com).

# GAAP TO NON-GAAP RECONCILIATION

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

in millions	Q2 2014 LTM	FY 2014	Q2 2015 LTM	Q1 2015 LTM	FY 2015e	Q3 2015e	Q3 2014
(Loss) Income from Operations (GAAP)	\$719	\$353	(\$95)	\$340	\$194 - \$259	\$158 - \$168	\$41
Pension Expense (Benefit)	(93)	152	577	153	434	4	1
Restructuring Plan	—	160	184	176	39 - 64	13	127
Acquisition-Related Amortization of Intangibles	94	119	122	121	127	32	29
Acquisition-Related Costs	36	27	12	15	10	3	5
Acquisition-Related Purchase Price Adjustment	11	6	1	3	—	—	1
OFAC and FCPA Investigations <sup>(1)</sup>	4	3	2	3	1	—	—
<b>Non-Pension Operating Income (non-GAAP)</b>	<b>\$771</b>	<b>\$820</b>	<b>\$803</b>	<b>\$811</b>	<b>\$830 - \$870</b>	<b>\$210 - \$220</b>	<b>\$204</b>
Depreciation and Amortization	143	152	159	157	175		
Ongoing Pension Expense	(11)	(3)	(2)	(2)	(10)		
Stock Compensation Expense	38	31	32	30	45		
<b>Adjusted EBITDA</b>	<b>\$941</b>	<b>\$1,000</b>	<b>\$992</b>	<b>\$996</b>	<b>\$1,040 - \$1,080</b>		

<sup>(1)</sup> Estimated expenses for 2015 will be affected by, among other things, the status and progress of the OFAC matter. There can be no assurance that the Company will not be subject to fines or other remedial measures as a result of OFAC's investigation.

# GAAP TO NON-GAAP RECONCILIATION

## Q2 2015 QTD

in millions (except per share amounts)

	Q2 QTD 2015 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q2 QTD 2015 non-GAAP
Product revenue	\$703	\$—	\$—	\$—	\$—	\$—	\$—	\$703
Service revenue	901	—	—	—	—	—	—	901
<b>Total revenue</b>	<b>1,604</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,604</b>
Cost of products	544	(2)	(9)	—	—	—	(10)	523
Cost of services	914	—	(7)	—	—	—	(293)	614
Gross margin	146	2	16	—	—	—	303	467
<b>Gross margin rate</b>	<b>9.1%</b>	<b>0.1%</b>	<b>1.0%</b>	<b>—%</b>	<b>—%</b>	<b>—%</b>	<b>18.9%</b>	<b>29.1%</b>
Selling, general and administrative expenses	339	—	(15)	(3)	—	—	(114)	207
Research and development expenses	67	—	—	—	—	—	(9)	58
Restructuring-related charges	6	(6)	—	—	—	—	—	—
Total expenses	412	(6)	(15)	(3)	—	—	(123)	265
<i>Total expense as a % of revenue</i>	<i>25.7%</i>	<i>(0.4)%</i>	<i>(0.9)%</i>	<i>(0.2)%</i>	<i>—%</i>	<i>—%</i>	<i>(7.7)%</i>	<i>16.5%</i>
<b>Income (loss) from operations</b>	<b>(266)</b>	<b>8</b>	<b>31</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>426</b>	<b>202</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>(16.6)%</i>	<i>0.5%</i>	<i>1.9%</i>	<i>0.2%</i>	<i>—%</i>	<i>—%</i>	<i>26.6%</i>	<i>12.6%</i>
Interest and Other (expense) income, net	(45)	—	—	—	—	—	—	(45)
Income (loss) from continuing operations before income taxes	(311)	8	31	3	—	—	426	157
Income tax expense (benefit)	32	1	9	1	—	—	(1)	42
<i>Effective tax rate</i>	<i>(10)%</i>							<i>27%</i>
Income (loss) from continuing operations	(343)	7	22	2	—	—	427	115
Net income (loss) attributable to noncontrolling interests	1	—	—	—	—	—	—	1
Income (loss) from continuing operations (attributable to NCR)	(\$344)	\$7	\$22	\$2	\$—	\$—	\$427	\$114
<b>Diluted earnings per share</b>	<b>(\$2.03)</b>	<b>\$0.04</b>	<b>\$0.13</b>	<b>\$0.01</b>	<b>\$—</b>	<b>\$—</b>	<b>\$2.51</b>	<b>\$0.66</b>
Diluted shares outstanding	169.6							172.0

# GAAP TO NON-GAAP RECONCILIATION

Q2 2014 QTD

	Q2 QTD 2014 GAAP	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q2 QTD 2014 non-GAAP
in millions (except per share amounts)							
Product revenue	\$722	—	—	—	—	—	\$722
Service revenue	936	—	—	—	—	—	936
<b>Total revenue</b>	<b>1,658</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,658</b>
Cost of products	531	(10)	—	(1)	—	—	520
Cost of services	647	(6)	—	(1)	—	—	640
Gross margin	480	16	—	2	—	—	498
<b>Gross margin rate</b>	<b>29.0%</b>	<b>1.0%</b>	<b>—%</b>	<b>0.1%</b>	<b>—%</b>	<b>—%</b>	<b>30.0%</b>
Selling, general and administrative expenses	247	(14)	(6)	—	(1)	(1)	225
Research and development expenses	64	—	—	—	—	(1)	63
Total expenses	311	(14)	(6)	—	(1)	(2)	288
<i>Total expense as a % of revenue</i>	<i>18.8%</i>	<i>(0.8)%</i>	<i>(0.4)%</i>	<i>—%</i>	<i>(0.1)%</i>	<i>(0.1)%</i>	<i>17.4%</i>
<b>Income (loss) from operations</b>	<b>169</b>	<b>30</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>210</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>10.2%</i>	<i>1.8%</i>	<i>0.4%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>12.7%</i>
Interest and Other (expense) income, net	(49)	—	—	—	—	—	(49)
Income (loss) from continuing operations before income taxes	120	30	6	2	1	2	161
Income tax expense (benefit)	29	10	1	—	1	2	43
<i>Effective tax rate</i>	<i>24%</i>						<i>27%</i>
Income (loss) from continuing operations	91	20	5	2	—	—	118
Net income (loss) attributable to noncontrolling interests	1	—	—	—	—	—	1
Income (loss) from continuing operations (attributable to NCR)	\$90	\$20	\$5	\$2	\$—	\$—	\$117
<b>Diluted earnings per share</b>	<b>\$0.53</b>	<b>\$0.11</b>	<b>\$0.03</b>	<b>\$0.01</b>	<b>\$—</b>	<b>\$—</b>	<b>\$0.68</b>
Diluted shares outstanding	170.9						170.9

# GAAP TO NON-GAAP RECONCILIATION

Q2 2015 YTD

in millions (except per share amounts)

	Q2 YTD 2015 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q2 YTD 2015 non-GAAP
Product revenue	\$1,307	\$—	\$—	\$—	\$—	\$—	\$—	\$1,307
Service revenue	1,773	—	—	—	—	—	—	1,773
<b>Total revenue</b>	<b>3,080</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,080</b>
Cost of products	1,027	(3)	(19)	—	—	—	(10)	995
Cost of services	1,517	—	(13)	—	—	—	(293)	1,211
Gross margin	536	3	32	—	—	—	303	874
<b>Gross margin rate</b>	<b>17.4%</b>	<b>0.1%</b>	<b>1.0%</b>	<b>—%</b>	<b>—%</b>	<b>—%</b>	<b>9.9%</b>	<b>28.4%</b>
Selling, general and administrative expenses	564	—	(31)	(5)	—	(1)	(114)	413
Research and development expenses	122	—	—	—	—	—	(9)	113
Restructuring-related charges	21	(21)	—	—	—	—	—	—
Total expenses	707	(21)	(31)	(5)	—	(1)	(123)	526
<i>Total expense as a % of revenue</i>	<b>23.0%</b>	<b>(0.7)%</b>	<b>(1.0)%</b>	<b>(0.2)%</b>	<b>—%</b>	<b>—%</b>	<b>(4.0)%</b>	<b>17.1%</b>
<b>Income (loss) from operations</b>	<b>(171)</b>	<b>24</b>	<b>63</b>	<b>5</b>	<b>—</b>	<b>1</b>	<b>426</b>	<b>348</b>
<i>Income (loss) from operations as a % of revenue</i>	<b>(5.6)%</b>	<b>0.8%</b>	<b>2.0%</b>	<b>0.2%</b>	<b>—%</b>	<b>—%</b>	<b>13.9%</b>	<b>11.3%</b>
Interest and Other (expense) income, net	(96)	—	—	—	—	—	—	(96)
Income (loss) from continuing operations before income taxes	(267)	24	63	5	—	1	426	252
Income tax expense (benefit)	34	6	20	2	—	1	(1)	62
<i>Effective tax rate</i>	<b>(13)%</b>							<b>25%</b>
Income (loss) from continuing operations	(301)	18	43	3	—	—	427	190
Net income (loss) attributable to noncontrolling interests	3	—	—	—	—	—	—	3
Income (loss) from continuing operations (attributable to NCR)	<b>(\$304)</b>	<b>\$18</b>	<b>\$43</b>	<b>\$3</b>	<b>\$—</b>	<b>\$—</b>	<b>\$427</b>	<b>\$187</b>
<b>Diluted earnings per share</b>	<b>(\$1.80)</b>	<b>\$0.10</b>	<b>\$0.25</b>	<b>\$0.02</b>	<b>\$—</b>	<b>\$—</b>	<b>\$2.52</b>	<b>\$1.09</b>
Diluted shares outstanding	169.3							171.8

# GAAP TO NON-GAAP RECONCILIATION

Q2 2014 YTD

in millions (except per share amounts)

	Q2 YTD 2014 GAAP	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q2 YTD 2014 non-GAAP
Product revenue	\$1,356	—	—	—	—	—	\$1,356
Service revenue	1,820	—	—	—	—	—	1,820
<b>Total revenue</b>	<b>3,176</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,176</b>
Cost of products	1,007	(20)	—	(3)	—	—	984
Cost of services	1,273	(12)	—	(2)	—	1	1,260
Gross margin	896	32	—	5	—	(1)	932
<b>Gross margin rate</b>	<b>28.2%</b>	<b>1.0%</b>	<b>—%</b>	<b>0.2%</b>	<b>—%</b>	<b>—%</b>	<b>29.3%</b>
Selling, general and administrative expenses	492	(28)	(20)	—	(2)	(1)	441
Research and development expenses	127	—	—	—	—	(1)	126
Total expenses	619	(28)	(20)	—	(2)	(2)	567
<i>Total expense as a % of revenue</i>	<i>19.5%</i>	<i>(0.9)%</i>	<i>(0.6)%</i>	<i>—%</i>	<i>(0.1)%</i>	<i>(0.1)%</i>	<i>17.9%</i>
<b>Income (loss) from operations</b>	<b>277</b>	<b>60</b>	<b>20</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>365</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>8.7%</i>	<i>1.9%</i>	<i>0.6%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>—%</i>	<i>11.5%</i>
Interest and Other (expense) income, net	(99)	—	—	—	—	—	(99)
Income (loss) from continuing operations before income taxes	178	60	20	5	2	1	266
Income tax expense (benefit)	33	20	5	1	1	1	61
<i>Effective tax rate</i>	<i>19%</i>						<i>23%</i>
Income (loss) from continuing operations	145	40	15	4	1	—	205
Net income (loss) attributable to noncontrolling interests	2	—	—	—	—	—	2
Income (loss) from continuing operations (attributable to NCR)	\$143	\$40	\$15	\$4	\$1	\$—	\$203
<b>Diluted earnings per share</b>	<b>\$0.84</b>	<b>\$0.23</b>	<b>\$0.09</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$—</b>	<b>\$1.19</b>
Diluted shares outstanding	171.0						171.0

# GAAP TO NON-GAAP RECONCILIATION

## Q3 2014 QTD

in millions (except per share amounts)

	Q3 QTD 2014 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	Q3 QTD 2014 non-GAAP
Product revenue	\$721	—	—	—	—	—	—	\$721
Service revenue	926	—	—	—	—	—	—	926
<b>Total revenue</b>	<b>1,647</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,647</b>
Cost of products	547	(9)	(9)	—	(1)	—	—	528
Cost of services	696	(46)	(6)	—	—	—	(1)	643
Gross margin	404	55	15	—	1	—	1	476
<b>Gross margin rate</b>	<b>24.5%</b>	<b>3.3%</b>	<b>0.9%</b>	<b>—%</b>	<b>0.1%</b>	<b>—%</b>	<b>0.1%</b>	<b>28.9%</b>
Selling, general and administrative expenses	232	—	(14)	(5)	—	—	—	213
Research and development expenses	59	—	—	—	—	—	—	59
Restructuring-related charges	72	(72)	—	—	—	—	—	—
Total expenses	363	(72)	(14)	(5)	—	—	—	272
Total expense as a % of revenue	22%	(4.4)%	(0.8)%	(0.3)%	—%	—%	—%	16.5%
<b>Income (loss) from operations</b>	<b>41</b>	<b>127</b>	<b>29</b>	<b>5</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>204</b>
Income (loss) from operations as a % of revenue	2.5%	7.7%	1.7%	0.3%	0.1%	—%	0.1%	12.4%
Interest and Other (expense) income, net	(60)	3	—	—	—	—	—	(57)
Income (loss) from continuing operations before income taxes	(19)	130	29	5	1	—	1	147
Income tax expense (benefit)	(19)	31	9	1	1	—	9	32
Effective tax rate	100%							22%
Income (loss) from continuing operations	—	99	20	4	—	—	(8)	115
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Income (loss) from continuing operations (attributable to NCR)	\$—	\$99	\$20	\$4	\$—	\$—	(\$8)	\$115
<b>Diluted earnings per share</b>	<b>\$—</b>	<b>\$0.58</b>	<b>\$0.12</b>	<b>\$0.02</b>	<b>\$—</b>	<b>\$—</b>	<b>(\$0.05)</b>	<b>\$0.67</b>
Diluted shares outstanding	171.3							171.3

# GAAP TO NON-GAAP RECONCILIATION

FY 2014

in millions (except per share amounts)

	FY 2014 GAAP	Restructuring plan	Acquisition- related amortization of intangibles	Acquisition- related costs	Acquisition- related purchase price adjustments	OFAC and FCPA Investigations	Pension (expense) benefit	FY 2014 non-GAAP
Product revenue	\$2,892	—	—	—	—	—	—	\$2,892
Service revenue	3,699	—	—	—	—	—	—	3,699
<b>Total revenue</b>	<b>6,591</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,591</b>
Cost of products	2,153	(9)	(39)	—	(4)	—	(3)	2,098
Cost of services	2,706	(47)	(24)	—	(2)	—	(82)	2,551
Gross margin	1,732	56	63	—	6	—	85	1,942
<b>Gross margin rate</b>	<b>26.3%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>—%</b>	<b>0.1%</b>	<b>—%</b>	<b>1.3%</b>	<b>29.5%</b>
Selling, general and administrative expenses	1,012	—	(56)	(27)	—	(3)	(48)	878
Research and development expenses	263	—	—	—	—	—	(19)	244
Restructuring-related charges	104	(104)	—	—	—	—	—	—
Total expenses	1,379	(104)	(56)	(27)	—	(3)	(67)	1,122
<i>Total expense as a % of revenue</i>	<i>20.9%</i>	<i>(1.6)%</i>	<i>(0.8)%</i>	<i>(0.4)%</i>	<i>—%</i>	<i>—%</i>	<i>(1.1)%</i>	<i>17%</i>
<b>Income (loss) from operations</b>	<b>353</b>	<b>160</b>	<b>119</b>	<b>27</b>	<b>6</b>	<b>3</b>	<b>152</b>	<b>820</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>5.4%</i>	<i>2.4%</i>	<i>1.8%</i>	<i>0.4%</i>	<i>0.1%</i>	<i>—%</i>	<i>2.3%</i>	<i>12.4%</i>
Interest and Other (expense) income, net	(216)	3	—	—	—	—	—	(213)
Income (loss) from continuing operations before income taxes	137	163	119	27	6	3	152	607
Income tax expense (benefit)	(48)	45	39	7	2	1	86	132
<i>Effective tax rate</i>	<i>(35)%</i>							<i>22%</i>
Income (loss) from continuing operations	185	118	80	20	4	2	66	475
Net income (loss) attributable to noncontrolling interests	4	2	—	—	—	—	—	6
Income (loss) from continuing operations (attributable to NCR)	\$181	\$116	\$80	\$20	\$4	\$2	\$66	\$469
<b>Diluted earnings per share</b>	<b>\$1.06</b>	<b>\$0.68</b>	<b>\$0.47</b>	<b>\$0.12</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$0.38</b>	<b>\$2.74</b>
Diluted shares outstanding	171.2							171.2

# GAAP TO NON-GAAP RECONCILIATION

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

FY 2015e

Diluted EPS (GAAP)	(\$0.40) - (\$0.70)
Pension Expense (Benefit)	2.51
Restructuring Plan	0.18 - 0.28
Acquisition-Related Costs	0.04
Acquisition-Related Amortization of Intangibles	0.47
Acquisition-Related Purchase Price Adjustment	—
OFAC and FCPA Investigations <sup>(1)</sup>	—
<b>Non-GAAP Diluted EPS</b>	<b>\$2.60 - \$2.80</b>

<sup>(1)</sup> Estimated expenses for 2015 will be affected by, among other things, the status and progress of the OFAC matter. There can be no assurance that the Company will not be subject to fines or other remedial measures as a result of OFAC's investigation.

# GAAP TO NON-GAAP RECONCILIATION

## Revenue Growth % (GAAP) to Revenue Growth % on a Constant Currency Basis (non-GAAP)

Q2 2015 QTD

	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non-GAAP)
Financial Services	(7)%	(8)%	1%
Retail Solutions	—%	(7)%	7%
Hospitality	1%	(3)%	4%
Emerging Industries	2%	(9)%	11%
<b>Total Revenue</b>	<b>(3)%</b>	<b>(7)%</b>	<b>4%</b>

# GAAP TO NON-GAAP RECONCILIATION

## Revenue Growth % (GAAP) to Revenue Growth % on a Constant Currency Basis (non-GAAP)

	Q2 2015 QTD		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non-GAAP)
Cloud	8%	(1)%	9%
Software License/ Software Maintenance	(2)%	(5)%	3%
Professional Services	(8)%	(6)%	(2)%
Total Software Related	(1)%	(4)%	3%
Hardware	(2)%	(8)%	6%
Other Services	(6)%	(8)%	2%
<b>Total Revenue</b>	<b>(3)%</b>	<b>(7)%</b>	<b>4%</b>

# GAAP TO NON-GAAP RECONCILIATION

## Revenue Growth % (GAAP) to Revenue Growth % on a Constant Currency Basis (non-GAAP)

	Q2 2015 YTD		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Constant Currency Revenue Growth % (non-GAAP)
Cloud	13%	(1)%	14%
Professional Services	(6)%	(6)%	—%
Total Software Related	2%	(4)%	6%

# GAAP TO NON-GAAP RECONCILIATION

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

Q2 2015 QTD

	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non- GAAP)
Financial Services	(10)%	(8)%	(2)%
Retail Solutions	(13)%	(9)%	(4)%
Hospitality	17%	—%	17%
Emerging Industries	400%	(100)%	500%
<b>Total Operating Income</b>	<b>(4)%</b>	<b>(8)%</b>	<b>4%</b>

# GAAP TO NON-GAAP RECONCILIATION

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

Q2 2015 QTD

	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non- GAAP)
Financial Services	-60 bps	-20 bps	-40 bps
Retail Solutions	-120 bps	-20 bps	-100 bps
Hospitality	+220 bps	— bps	+220 bps
Emerging Industries	+910 bps	-120 bps	+1,030 bps
<b>Total Operating Income</b>	<b>-10 bps</b>	<b>-10 bps</b>	<b>— bps</b>

