



**Gavin Bell**  
VP, Investor Relations



Analyst Day  
November 16, 2010  
New York Stock Exchange



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# Note to Investors

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These charts and the associated remarks are integrally related and are intended to be presented and understood together.

# Agenda

➤ **NCR Business Strategy**

**Bill Nuti – Chairman & CEO**

➤ **ISG Overview**

LoB Presentations

**John Bruno – EVP, ISG**

Michael O’Laughlin – GM, Financial Services

Mike Webster – GM, Retail & Hospitality

Chris Askew – GM, NCR Services

**Intermission**

LoB Presentations

Justin Hotard – GM, Entertainment

Jeff Kao – GM, Healthcare

John Bruno – Travel & Gaming

➤ **Operations Strategy**

**Peter Dorsman – SVP, Operations**

➤ **NCR Financial Overview**

**Bob Fishman – CFO**

➤ **Audience Q&A**

**Bill Nuti – Chairman & CEO**





**Bill Nuti**  
Chairman & CEO



## NCR Business Strategy

NCR Analyst Day  
November 16, 2010  
New York Stock Exchange

Companies that **adopt a clear strategic posture and that invest in becoming more aware, resilient and flexible** will be able to outperform those that simply stay in their bunkers, hoping the world will return to "normal."

-McKinsey Quarterly, May 2009



# NCR is Strong, Growing and an Exciting Company

## Key Take Aways

- NCR is well positioned
- Transformation has gone better than expected
- Our outlook is balanced
- The market is coming toward us

Today, a consumer connects, interacts and transacts with a variety of technology, much of it from NCR

**Did you know:**  
**NCR enables over 245M transactions a day globally**

**Revenue Growth**



**Gross Margin Expansion**



**Improving the customer experience**

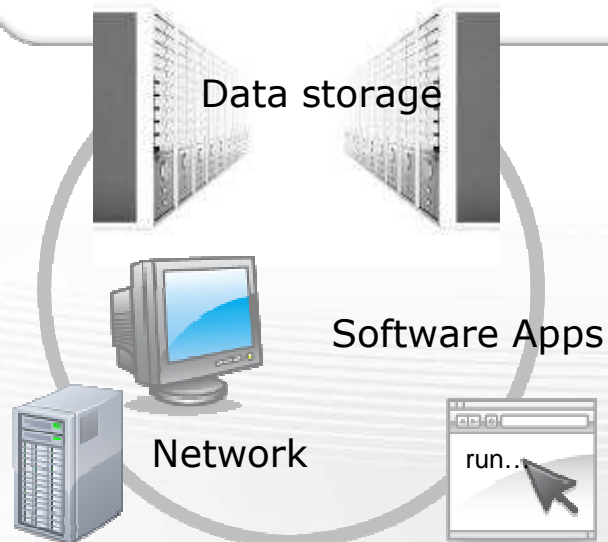


# Over the Past 40 Years, Technology has been used to Streamline the “Back Office” to Increase Productivity

**1970**

## Manually process:

- Reports
- Accounting
- Inventory
- Payroll



**Today**

## Software processes:

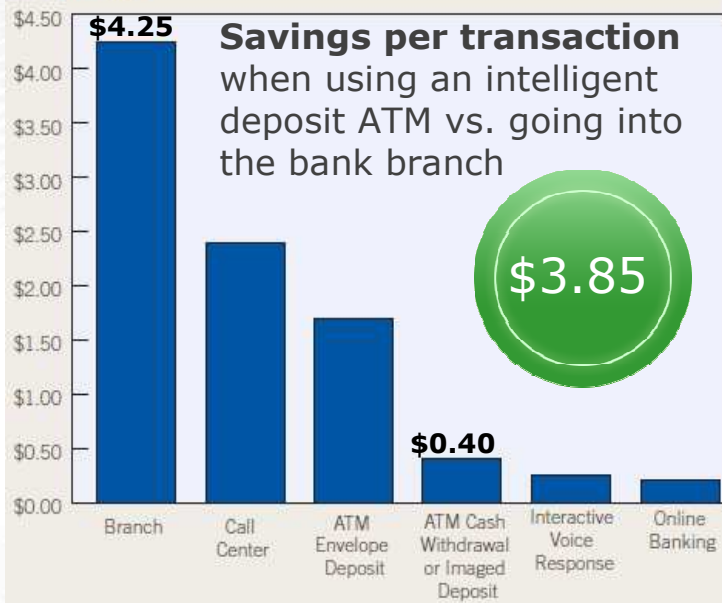
- ERP implemented broadly
- Data mining mature
- High speed networks in place
- Storage/Virtualization



# The Next Generation of Productivity Gains

## ...are in the "Front Office"

Figure 1: Estimated average bank transaction costs, by technology<sup>9</sup>



\$2.86

Savings per transaction when **checking in at a kiosk** vs. an agent



Savings for each tax return filed **electronically**



\$2.15



Source: ITIF  
APRIL 2010 • DANIEL CASTRO,  
ROBERT ATKINSON and STEPHEN EZELL

# Self-Service has been Evolving for Decades...

*Three Forces of Change: Productivity, Technology and The Consumer*



1888

Automatic dialing  
**allows people to  
place calls  
themselves**

**First soda  
vending machine**  
replaces soda shop  
drugstores

1920



1953

Hard to find pin  
boys are replaced  
with **pinspotting  
machines**

By 1962,  
automatic  
elevators had  
replaced **4000  
operators in NYC**

1962



1916

Piggly Wiggly  
opens **first  
self-service  
grocery store**



**First self-  
service  
gas station**  
opens in  
Omaha,  
Nebraska

1958



# The Growth of Self-Service Business Models is Accelerating



Financial



Retail



Hospitality



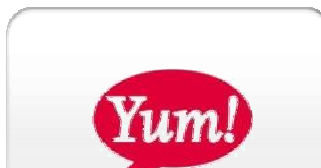
Entertainment



Travel



Healthcare



# The Rapidly-Changing Consumer



Time Starved



Less Loyal



Digitally Enabled

88% of retailers measuring multichannel customer profitability say...

**these shoppers are more profitable than single channel shoppers.**

RSR Research, July 2010



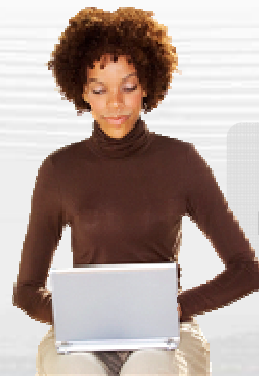
Mobile Applications



Self-service is one of the key characteristics of digital natives, and with advances in communication technologies and a variety of end-user devices to access information, **self-service enables the "pull" of information anywhere, anytime, anyplace on any device.**

Gartner Industry Research  
13 September 2007  
2012: The Store of the Digital Native

Social Networking





# Self-Service Delivers Higher Productivity and Delights the Consumer

2010

In 2010, self-service kiosk transactions in North America are expected to total **\$740 billion** and will likely reach **\$1.1 trillion** by 2014.

Source: IHL Research, North American Kiosk Study, 2010



Over **1.8 million ATMs** are in operation in virtually every country

**40%** -----  
Self checkout reduces wait time by 40%

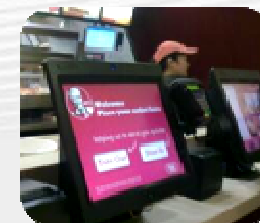


**50** -----  
billion global ATM transactions annually



Source: RBR 2010 Global ATM Report

**2 out of 3** -----  
U.S. consumers would prefer to use a kiosk at quick-service



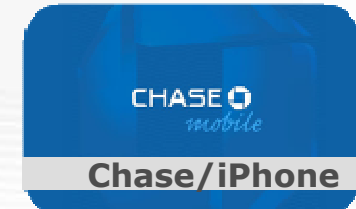
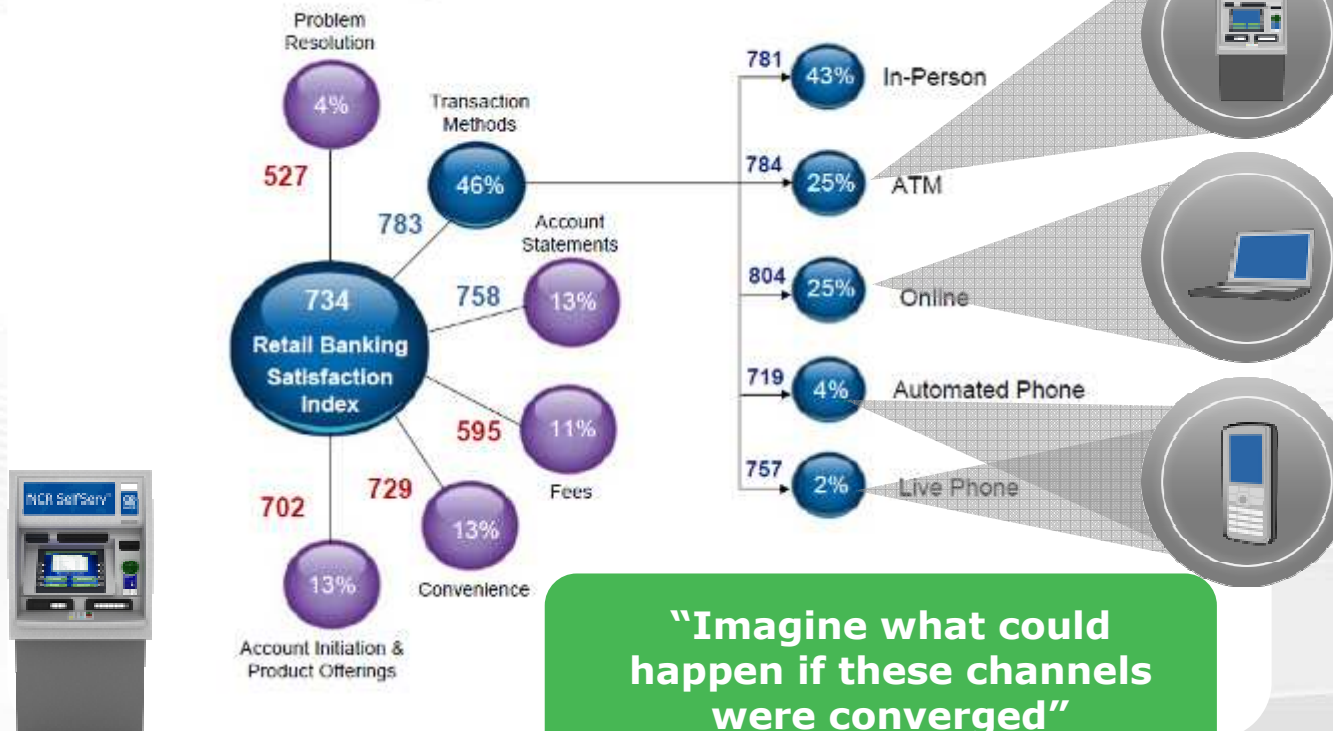
Source: ITIF  
APRIL 2010 • DANIEL CASTRO, ROBERT ATKINSON and STEPHEN EZELL

# This Phenomenon Comes Together in All Industries



**46% of people say transaction methods are the single most important element in customer satisfaction**

J. D. Power and Associates  
**2009 Retail Banking Index Model**

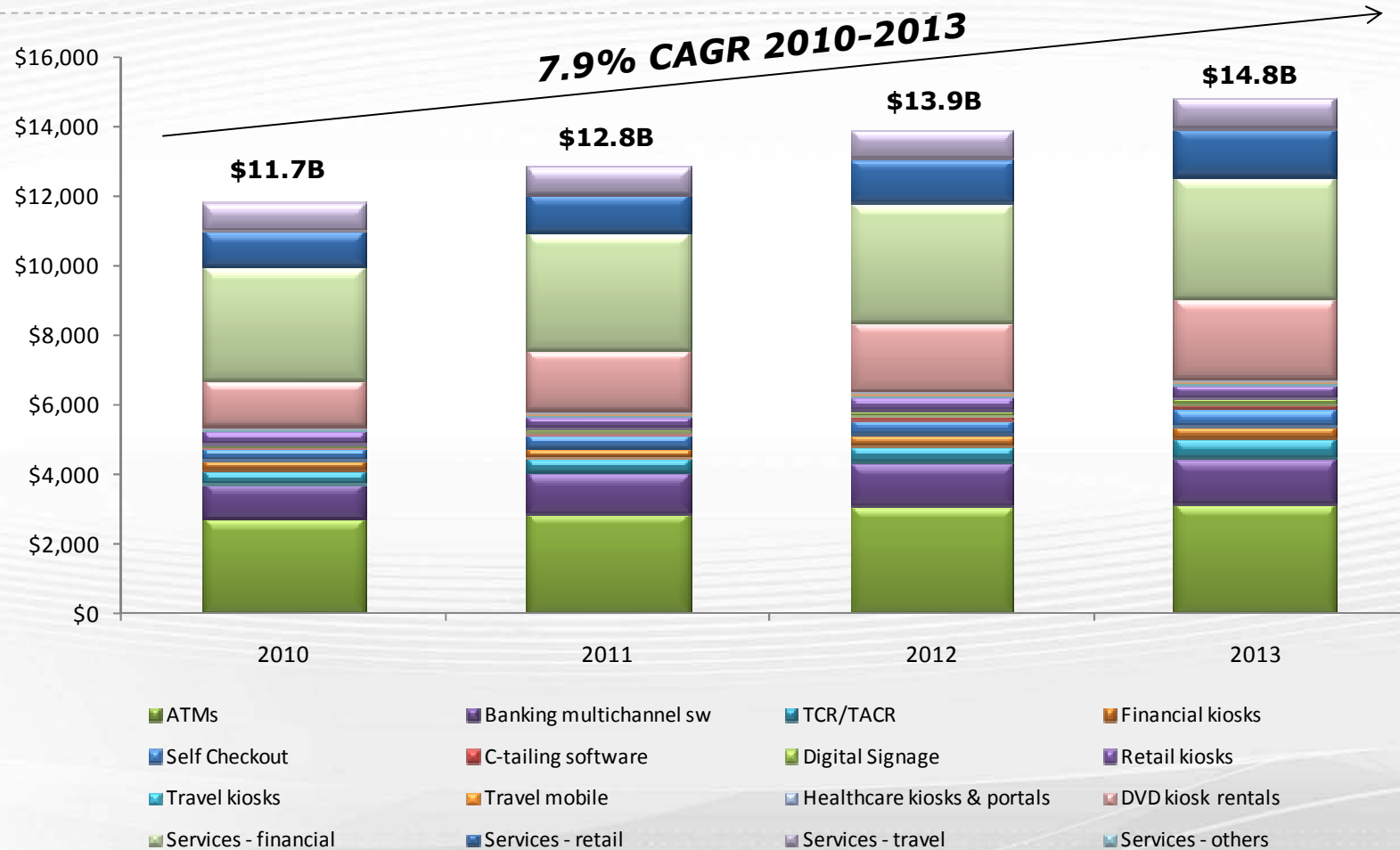


# Self-Service is a Growth Market

*"Our strategy is to expand our available market"*



## NCR Addressable Market 2010 - 2013



# But There are Broader Market Trends we will Leverage



It is estimated that by 2011, more than **500 million mobile devices will have integrated near-field communications**, making mobile communications an even more integral part of how businesses connect and interact with their customers.

-ABI Research

**10 million unbanked in the US alone**

**40%** of the Global population lives on less than \$2.50/day

Source: World Bank



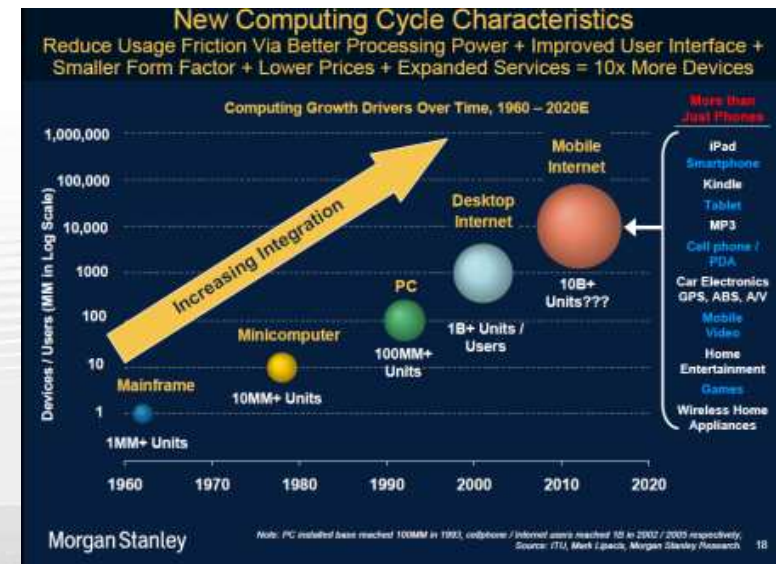
**10X more mobile internet devices than desktop computers are expected**

**6 million**  
m-payment subscribers in Kenya



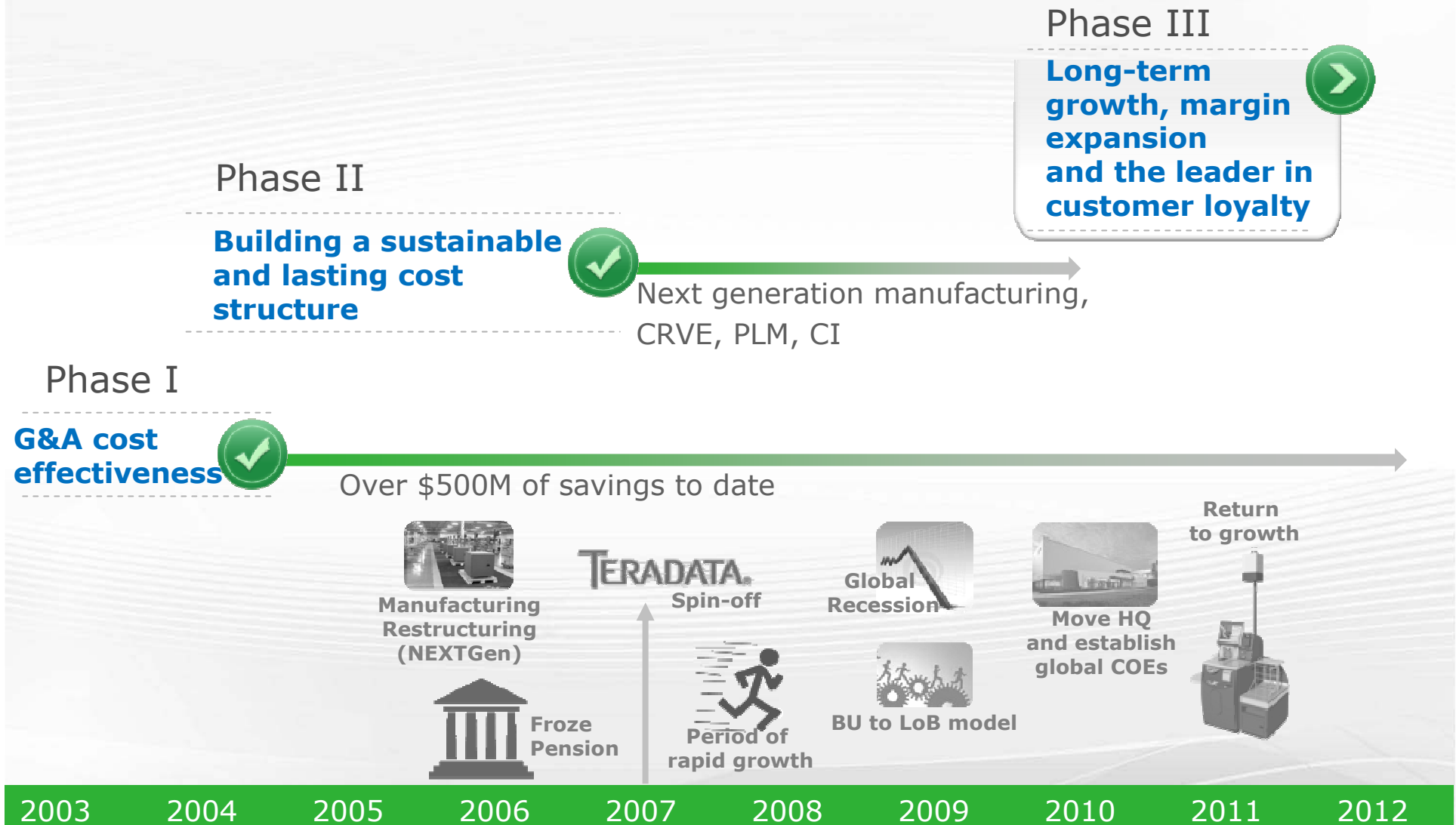
**7.2 million**  
m-payment subscribers in Philippines

Source: ITIF  
APRIL 2010 • DANIEL CASTRO, ROBERT ATKINSON and STEPHEN EZELL





# Our Multi-phase Transformation Towards Sustainable Revenue Growth and Improved Margins



# NCR: Ready and Executing Phase III

"NCR enters the next phase of our transformation poised to deliver **profitable growth, margin expansion and an unparalleled customer experience**"



We start with the **end in mind**

## 6-8% CAGR in revenue and 15-20% NPOI CAGR - 2010 through 2013

- Capable and proven in building **best-in-class cost structure**; disruptive gains in productivity / efficiency are key features
- **Accelerating** global adoption of self-service solutions and business models
- Leadership in **converged channel innovation** becomes reality
- **Expanding** addressable market
- Excellent global balance, innovation and **exceptional talent**
- **We're organized efficiently** and have successfully completed major change programs

# NCR Vision and Mission

## Vision

Leading how the world **connects**,  
**interacts** and **transacts**  
with business.

## Mission

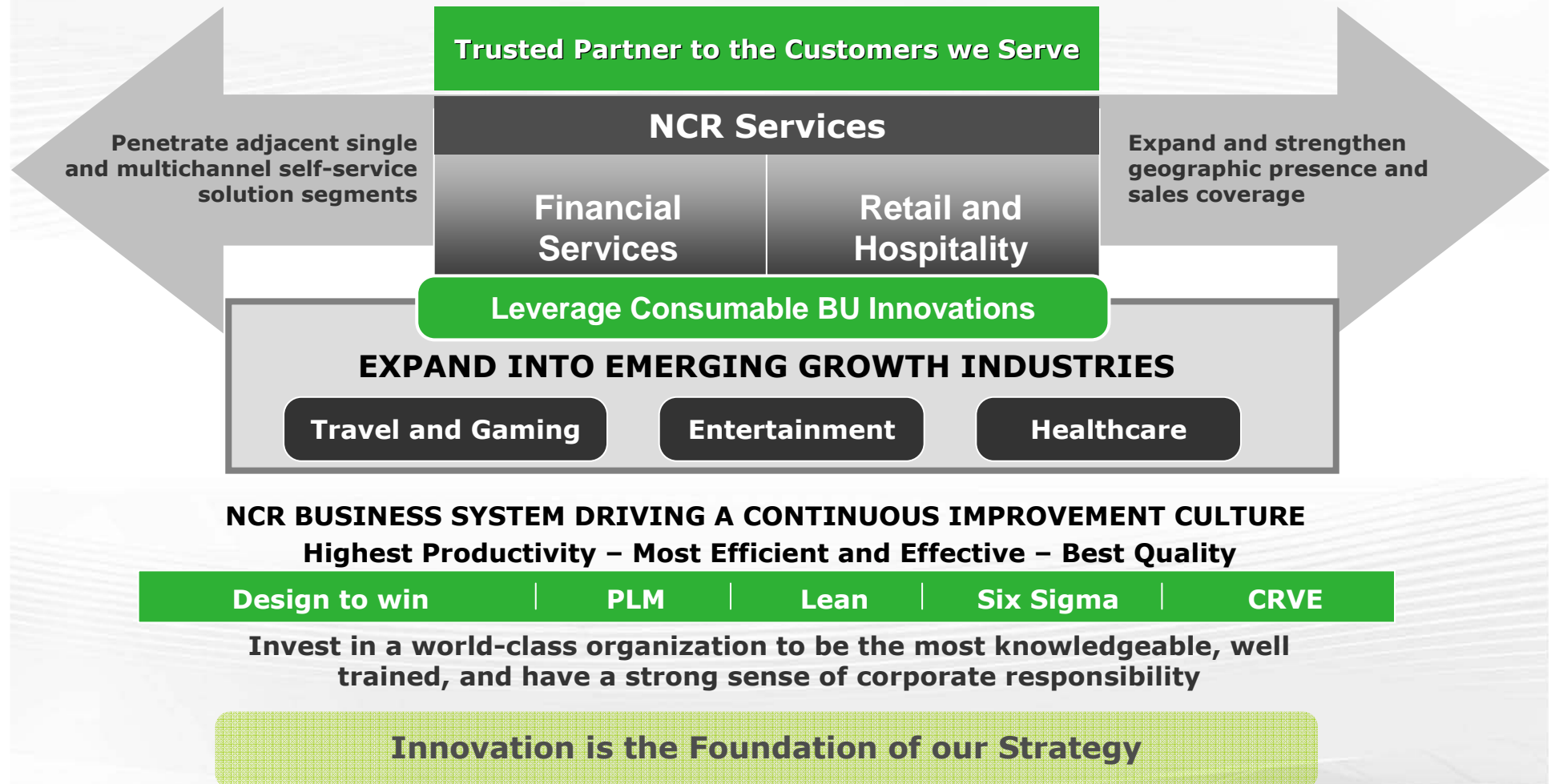
Provide our customers with the  
**next generation of productivity  
gains and customer experience  
innovation** through our deep  
knowledge of the changing global  
consumer and technology.





# From Vision to Execution: Our Strategy

*"Leveraging what is core to NCR"*



# NCR Management Priorities Driving our Global Strategy



## Revenue Growth



- Focus is on profitable, sustainable revenue **growth**
- All industries play a role; **growing software and services** are our top priorities
- Entertainment will contribute **significantly** in medium term



## Gross Margin Expansion

- Our strategy leads us to **25%+ gross margins** over the medium term
- We're **aligned on execution**...CI, CRVE, PLM, Quality, Innovation, Mix...
- Services will continue to lead the way; **software mix will kick in**



## Improving the Customer Experience

- Engagement in the **customer loyalty** survey process
- Focus on customer advocacy programs, i.e., **CAP**
- Changing the way we engage the customer, i.e., **CE2C**
- Making the **customer our culture** – listening to our customers preserves the health of our business



# 3-Year View for NCR

## As we View it Today

### Core Self-Service Industries

- Leading Financial Solutions provider
- Leading Retail Solutions provider
- Leader in Hospitality, Travel, Gaming and Healthcare and Public Sector Solutions
- Converged channel leadership
- Leader in Managed Services; 50% recurring revenue stream
- Sustainable, industry-leading cost structure
- Continued significant cash flow generation

### Entertainment Operator Model

- #1 or #2 market share leader in DVD Kiosk Market (US & Intl)
- Physical DVD rental and sell-through; digital download leadership "Automated Retail"
- Market leader in multi-channel distribution of digital entertainment media
- High growth; significant EBITDA; positive cash flow
- Brand leadership

### Pension Business

- Under-funded pension position reduced
- Volatility and risk of current pension asset allocation significantly reduced
- Good progress towards pension independence



**John Bruno**  
Executive Vice President



At your service every day and around the world

ISG Overview

Analyst Day  
November 16, 2010  
New York Stock Exchange

Technology alone is rarely the key to unlocking economic value:  
Companies create real wealth when they **combine technology  
with new ways of doing business.**

Source: McKinseyQuarterly.com  
DECEMBER 2007 • JAMES M. MANYIKA, ROGER P. ROBERTS, AND KARA L. SPRAGUE

# Tomorrow Will Require a New Way of Doing Business



## Digitally-empowered consumer

It is estimated that by 2011 more than  
**500 million** mobile devices will have  
integrated near-field communications.

-ABI Research

Businesses  
are  
adapting

Customers are  
evolving differently  
in developed and  
emerging markets

**Hardware enabled and  
software-driven business  
models are emerging**

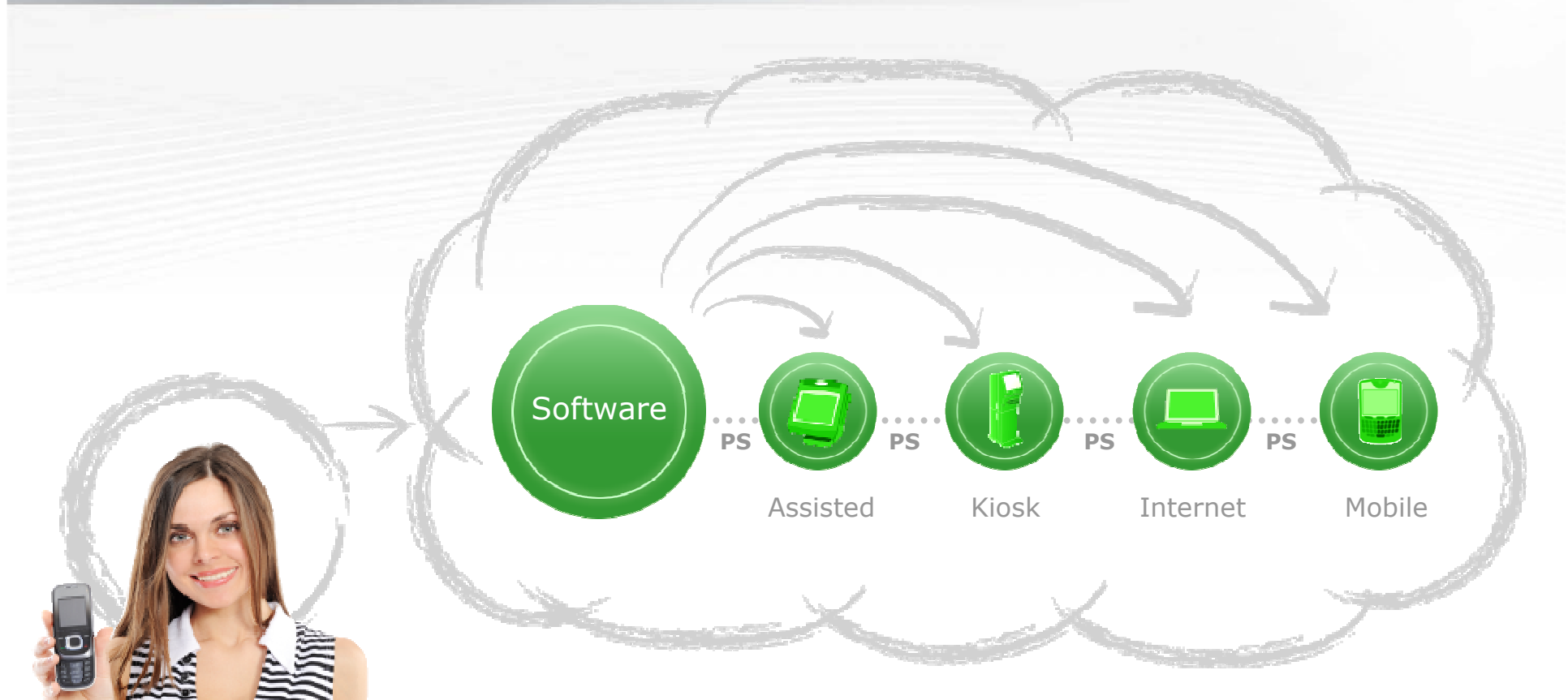
Consumer demand  
is changing  
globally

Industry  
segments are  
converging





# Stateless Environment: Software-driven Business Model



Assisted-service → Self-service → **Personalized self-service**

Seamless transition across **all** channels

# Business Model Innovation

**B2B**

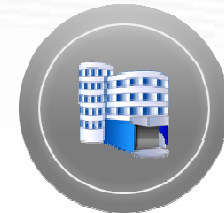
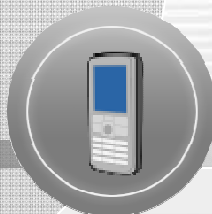
**B2C**

**C2B**

Adapting to consumer preference  
and presence

Presence

Preference



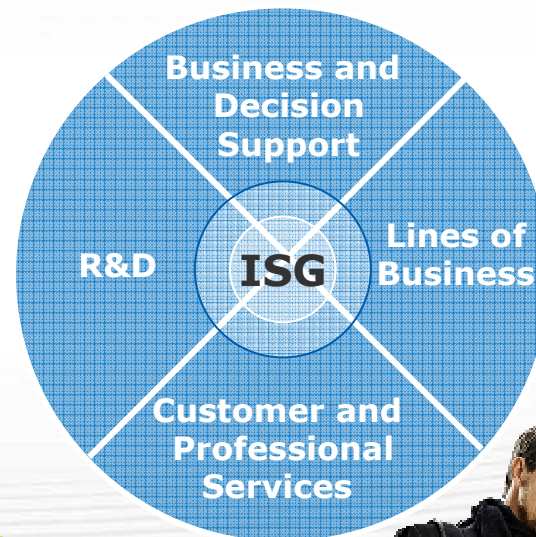


# NCR: Industry Solutions Group

**Organization and  
Process Innovation**

**Technology  
and Services  
Innovation**

**Design and Consumer  
Experience  
Innovation**



# NCR Phase 2: ISG Initiatives

2008

2009

2010

2011

**Last Analyst Day**

**Vertically Integrated Functional BU Model**

**Decentralized R&D**

**Separate Engineering and Manufacturing Centers**

**Lack of Enterprise-wide:**

- PLM
- Offer integration
- Marketing

1

## **Consolidated R&D:**

- Hardware
- Software
- NCR Labs
- Consumer Experience & Design

2

## **Line of Business Model**

- Focused strategy
- Industry aligned
- Cross-functional leadership

3

## **Centers of Excellence for Innovation**

- North America
- Europe
- Asia

4

## **Integrated Customer and Professional Services**

### **Customer Care Centers**

- North America
- Europe
- Asia

5

## **Go-to-Market Model**

- Developed markets
- Emerging markets

# NCR Leadership



**Bill Nuti**  
Chairman and CEO

**Finance**

**Sales**

**Legal**

**Industry  
Solutions  
Group**

**Operations**

**Human  
Resources**

**Consumables**

**Lines of Business**

**NCR Services**

**Research and  
Development**

**Business and  
Decision Support**

**Financial  
Services**

**Travel and  
Gaming**

**Customer  
Services**

**Hardware  
Engineering**

**Corporate  
Development**

**Retail and  
Hospitality**

**Healthcare**

**Professional  
Services**

**Software  
Engineering**

**Customer Assurance  
Program**

**Entertainment**

**Design and  
Consumer  
Experience**

**Development and  
Realization Services**

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# Financial Service Leadership



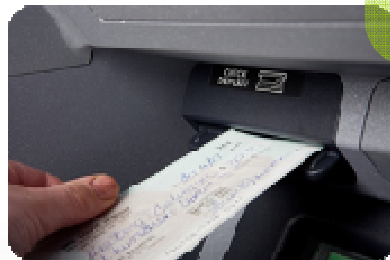
**Michael O'Laughlin**  
VP and GM

**NCR's Financial line of business is the market leader in innovation and self-service solutions globally**

## Did you know?

NCR helps ~**600 consumers** interact with their financial institution every second globally

Source: Based on NCR internal analysis and data



**#1** in banking ATMs for 24 consecutive years

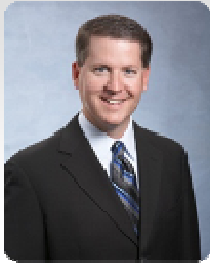
**#1** supplier of multivendor ATM middleware applications as recognized by RBR

Source: Global ATM Market and Forecasts to 2015 published by Retail Banking Research (RBR) and NCR internal analysis





# Retail and Hospitality Leadership



**Mike Webster**  
VP and GM

**NCR's Retail and Hospitality line of business leads the industry in self-service transactions, and depth of solution portfolio**

## Did you know?

~**180M** transactions are processed a day **using NCR POS** technology and another ~**12.5M** using **self checkout**

Source: Based on NCR internal analysis and data



**#1** in retail self checkout for seven consecutive years

Source: Based on NCR internal analysis and data



**#2** in retail point-of-sale

Source: Retail Banking Research, May 2010

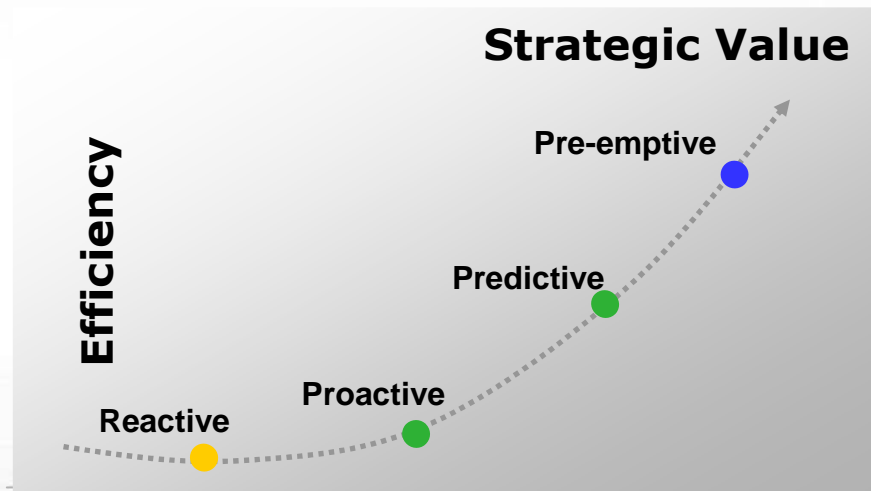
# NCR Services Leadership



**Chris Askew**  
SVP

**NCR's Services business is unmatched in global reach and capabilities and well positioned to be a sustainable profitable growth engine for the company**

13,000 NCR Service professionals and proactive technologies



**Gartner**

**Top 10** Support Provider

Deploy

Support

Manage

Innovate



**Top 20** Global Outsourcer



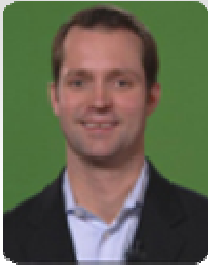
**Excalibur Award** for Predictive Services-TAG



**HDFC Tech Implementation Award**-Asian Banker



# NCR Entertainment Leadership



**Justin Hotard**  
VP and GM

**NCR's Entertainment continues to grow physical DVD distribution while building out strategy for digital download**

## Did you know?

NCR DVD kiosks rent on average **136K movies** per day in the US and growing

Source: Based on NCR internal analysis and data



## Entertainment

**#2** DVD kiosk operator in the U.S.

Source: Based on NCR internal analysis and data



# NCR Healthcare Leadership

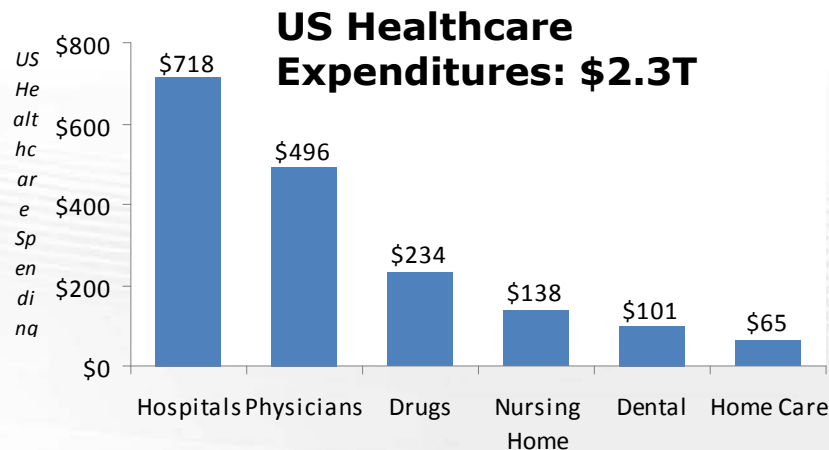


**Jeff Kao**  
VP and GM

**NCR's Healthcare business is well positioned for anticipated customer demands for automation and self-service**

Primary need for self-service technology remains in the physician space  
**1.1B patient check ins at doctors offices per year**

Source: Health, United States, 2007  
(US Dept. of Health and Human Services)



Source: National Health Expenditure Data, US Department of Health & Human Services



**#1** in U.S. hospital patient self-check in for three consecutive years

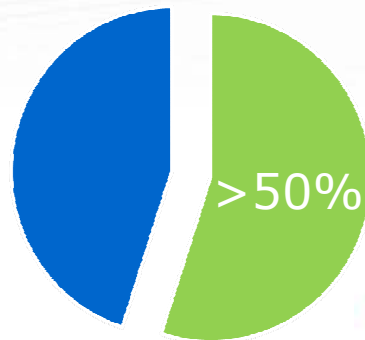
Source: Based on NCR internal analysis and data

# NCR Travel and Gaming Leadership



**Theresa Heinz**  
VP and GM

## NCR Travel well positioned for global expansion



### Did you know?

**More than 50%** of passengers worldwide want more self-service options

According to the 2009 IATA CATS (Corporate Air Travel Survey)



**Five** of the top six U.S. airlines use NCR self-check-in

Source: Based on passengers as reported by IATA and NCR analysis

**80% share in U.S.**

Mobile is the next evolution of self-service for travel



### Did you know?

There are **195M** passengers checking in on NCR solutions

Source: Based on NCR internal analysis and data



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# In Market and Relevant to the Consumers We Serve (Developed and Emerging)

## Hardware Engineering



**>45%** staff  
outside of U.S.

### Cross-industry scalable platforms:

- Common reuse
- Industrial-class
- High-quality
- Low-cost

## Software Engineering



**>60%** staff  
outside of U.S.

### Cross-industry scalable platforms:

- Component reuse
- Enterprise-class
- Standards based
- Open architecture

## Design and Consumer Experience

### ✓ People

- How people interact with machines



### ✓ Environments

- Physical and virtual space conditions influence behavior



### ✓ Technology

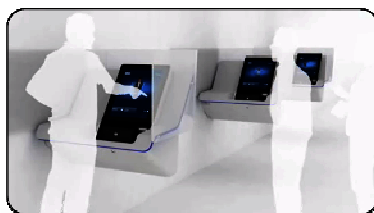
- Existing and emerging tools





# Cross-industry Scalable Hardware Platforms for an Emerging World

## Financial Services



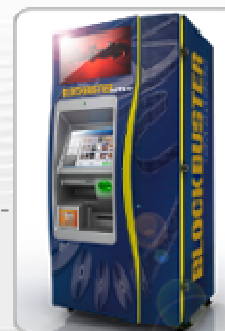
## Retail and Hospitality



## Healthcare



## Entertainment



## Travel and Gaming



# Cross-industry Scalable Software Platforms for an Emerging World



**APTRA™ Consumer Passport REL 1.0.00**

Online and Mobile Bill Pay

## Digital Download



Software as a Service (SaaS)

## Digital Signage

Proactive Travel Management



## NCR APTRA™ Mobile Banking



Online



Text



Mobile Web



Mobile App



CRM Integration

e-Commerce



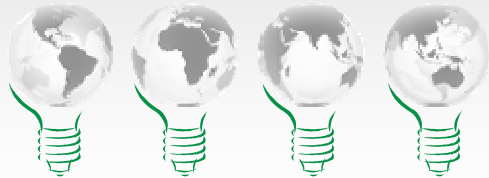
POS and Loyalty Software



eMarketing

# Intellectual Property

**NCR holds nearly  
2,400  
patents globally**



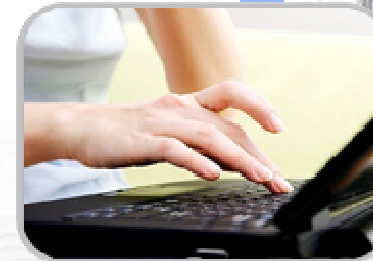
**...and nearly 1,500  
patent applications  
pending globally**



## **NCR has several patent licensing programs:**

- Two-Sided Thermal technology (2ST™)
- e-Commerce
- Electronic shelf labels
- Electronic signature capture

**2ST™**  
TECHNOLOGY



**NCR has licensed approximately 80 companies  
under its e-Commerce relevant patents**

# NCR is at Your Service Every Day Around the World

## Unique Value Proposition

### Highly available, secure, converged channel

Cross-industry solutions for the consumer-driven enterprise

## Industry-leading platform portfolio

### Mission-critical hardware and enterprise-class software

Architected to integrate and scale

## Unmatched global services capabilities

### NCR Services ensure customer success

Deliver on our partnership promise

Touching more consumers

Serving more industries

In more countries

With more solutions



Unique  
Consumer  
Insight







**Michael O'Laughlin**  
GM, Financial Services



At your service every day and around the world

Financial Services Strategy

Analyst Day  
November 16, 2010  
New York Stock Exchange





# Macro Trends Create Opportunity for NCR

## Americas

- Intelligent Deposit
- Branch transformation
- Remote data capture

## CLA

- Capitalize on Brazilian investments to target new opportunities
- New Brazil ATM series
- Intelligent Deposit
- Service expansion with Brazil growth
- Managed services growth with introduction of Aptra™ Vision

## Europe

- Intelligent Deposit
- Branch transformation
- Multichannel software solutions
- Financial kiosk

## MEA

- Intelligent Deposit
- Bill payments
- Remittance solutions
- Managed Services

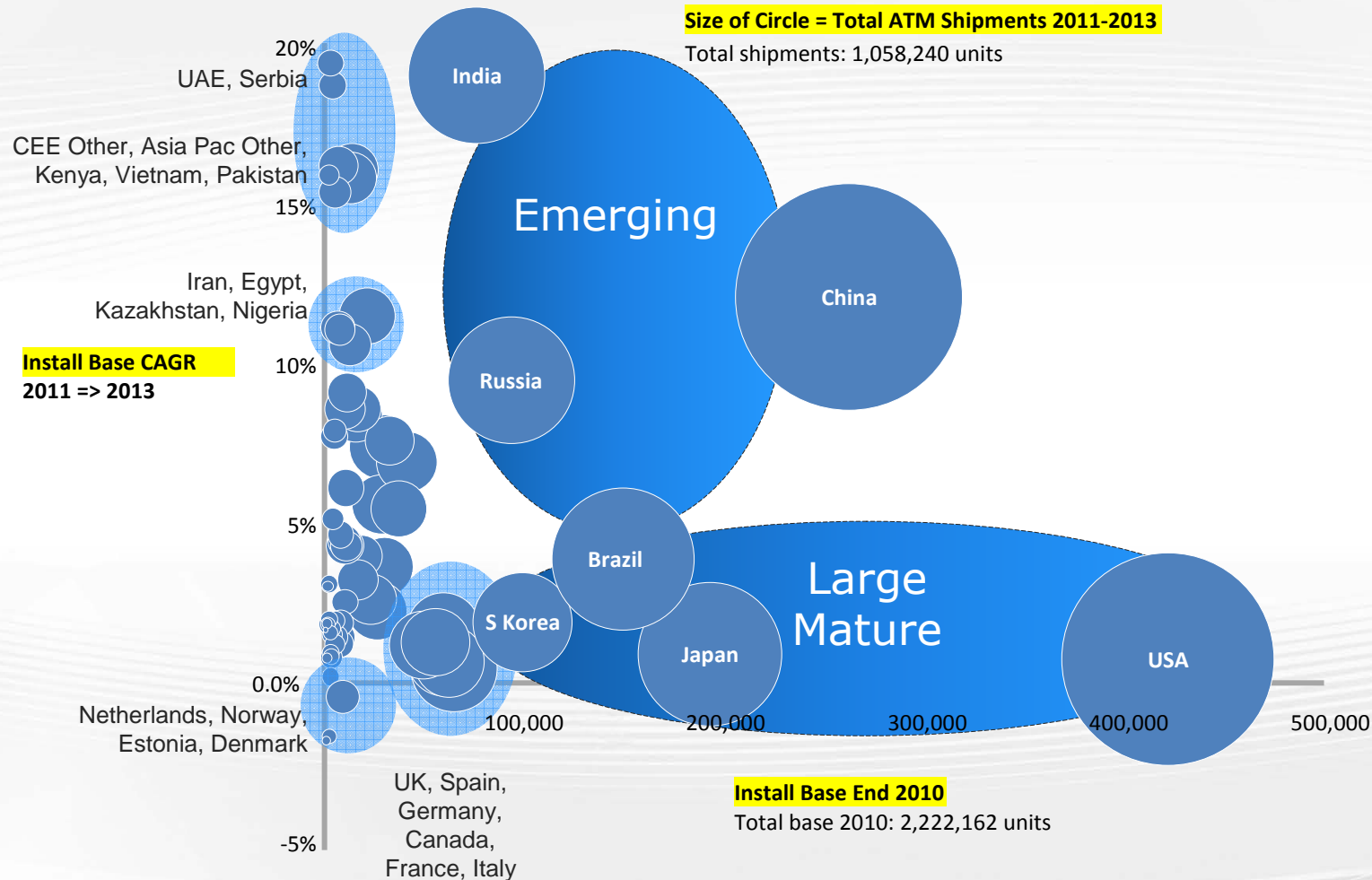
## Eastern Europe

- Bill payment & Financial Kiosk
- Intelligent Deposit
- Turkey growing Cash Deposit and Recycling
- ATM penetration still below European averages

## Asia

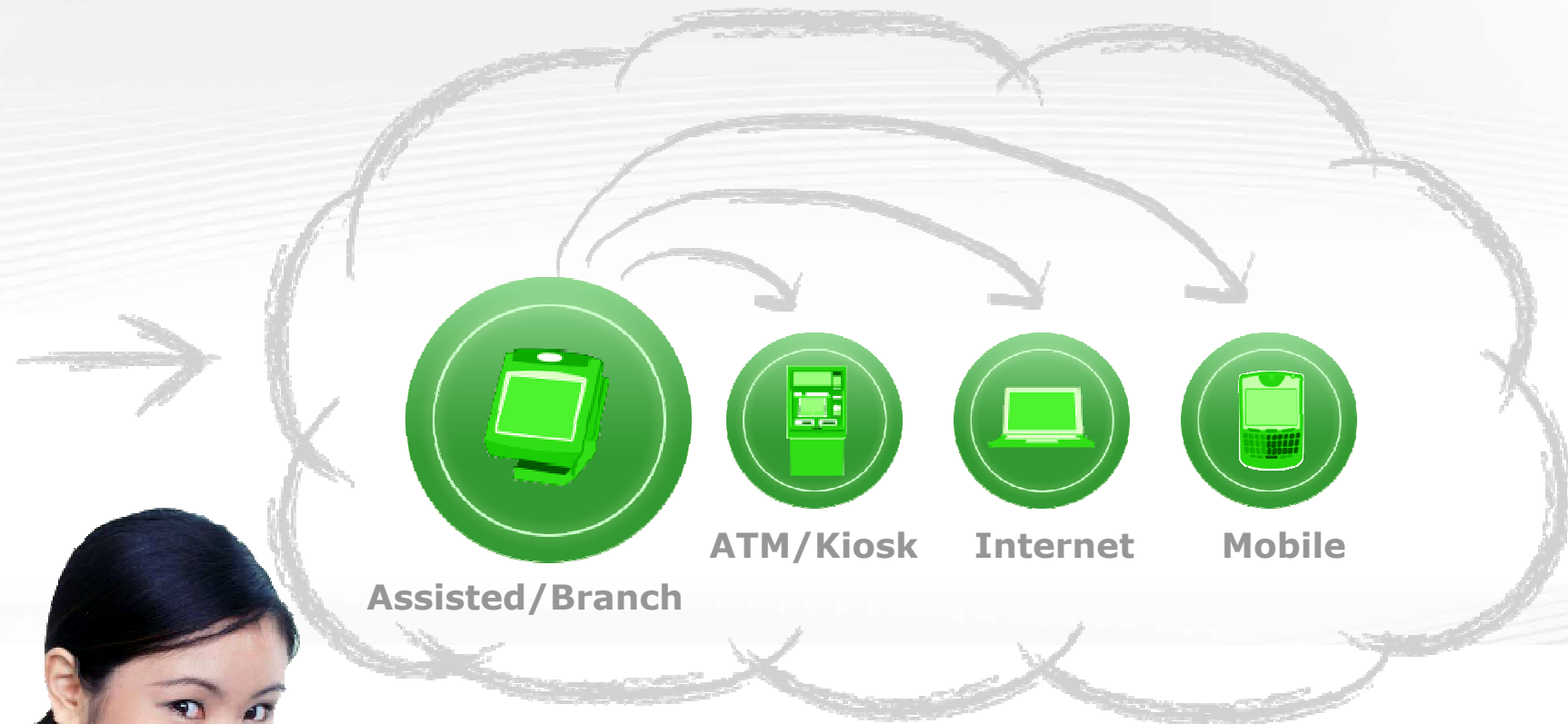
- Cash Dispenser growth in Southeast Asia
- China Pocket Recycling
- Multichannel software solutions
- Cash Deposit growth
- India outsourcing potential

# Markets that will “Move the Needle”



71 largest countries  
Source: RBR 2010, NCR

# Strategy: Optimizing a Seamless Customer Experience



## Cx-banking

seamless transition across **all** channels

- ✓ Drive lower cost
- ✓ Increase dialogue
- ✓ Increase response

# Innovation Drives Leadership

**BBVA**



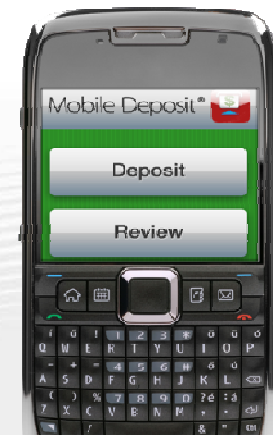
**APTRA Vision™**



**Contactless Card**



**Scalable Deposit Module**



**Remote Data Capture**

# Product Platform Strategy

## NCR SelfServ™ 20 Series

22

25

26

28



## NCR SelfServ™ 30 Series

31

32

34

34

36

38



## Emerging Market Platform

22e

42

Brazil



## TCR



## Coming Soon





# Financial Software Strategy

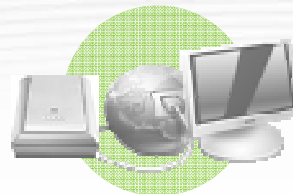
## ➤ Channel Applications



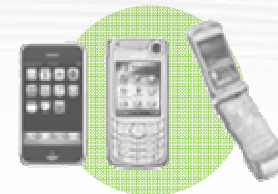
**APTRA™ AANDC**  
**APTRA™ Activate**  
**Gasper**



**APTRA™**  
**Cash Connect**



**APTRA™ Online**  
**Banking**



**APTRA™ Mobile**  
**Banking**



**Payment**  
**Solutions**

## ➤ Cross-Channel Applications

- **APTRA™ Vision**
- **APTRA™ Scheduler**

- **APTRA™ E-Marketing**
- **NCR APTRA Passport**

- **Bill Payment**

## ➤ Deployment & Licensing Models

- **Licensed/On-Premise**

- **Hosted/SaaS**

- **Transaction-Based Pricing**

## ➤ Common Platform Components & Technology

# Service-Led Approach to Solutions



**Optimize self-service channel and improve customer satisfaction**

**Efficient and proactive management system**

**Optimized cash management system**

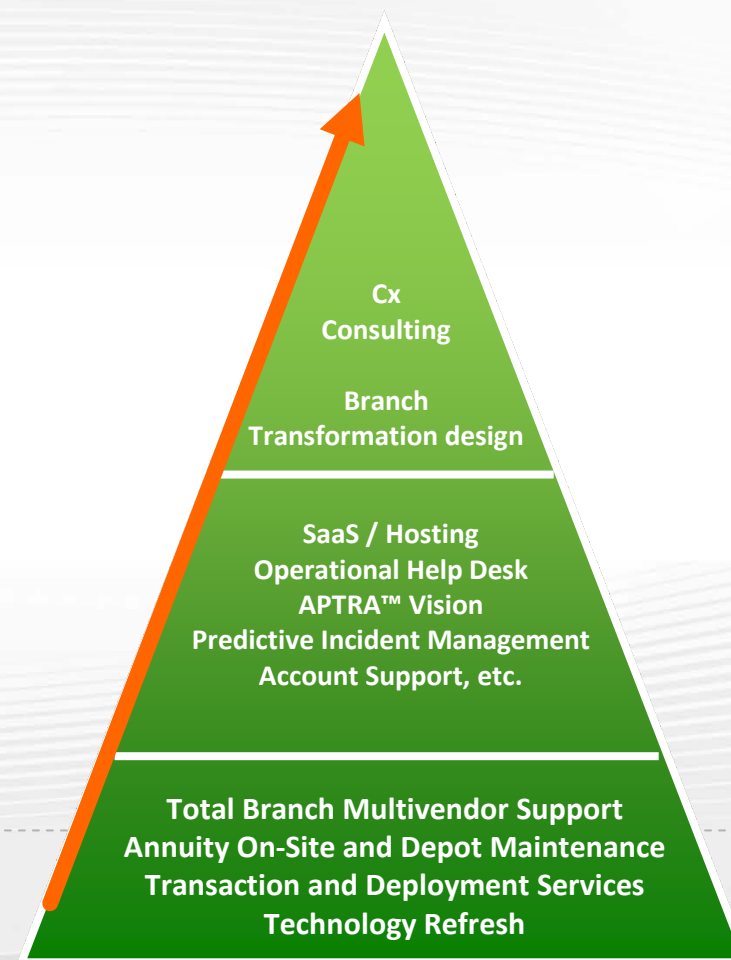
**Best-in-class operational model**

**More customer-facing resources**

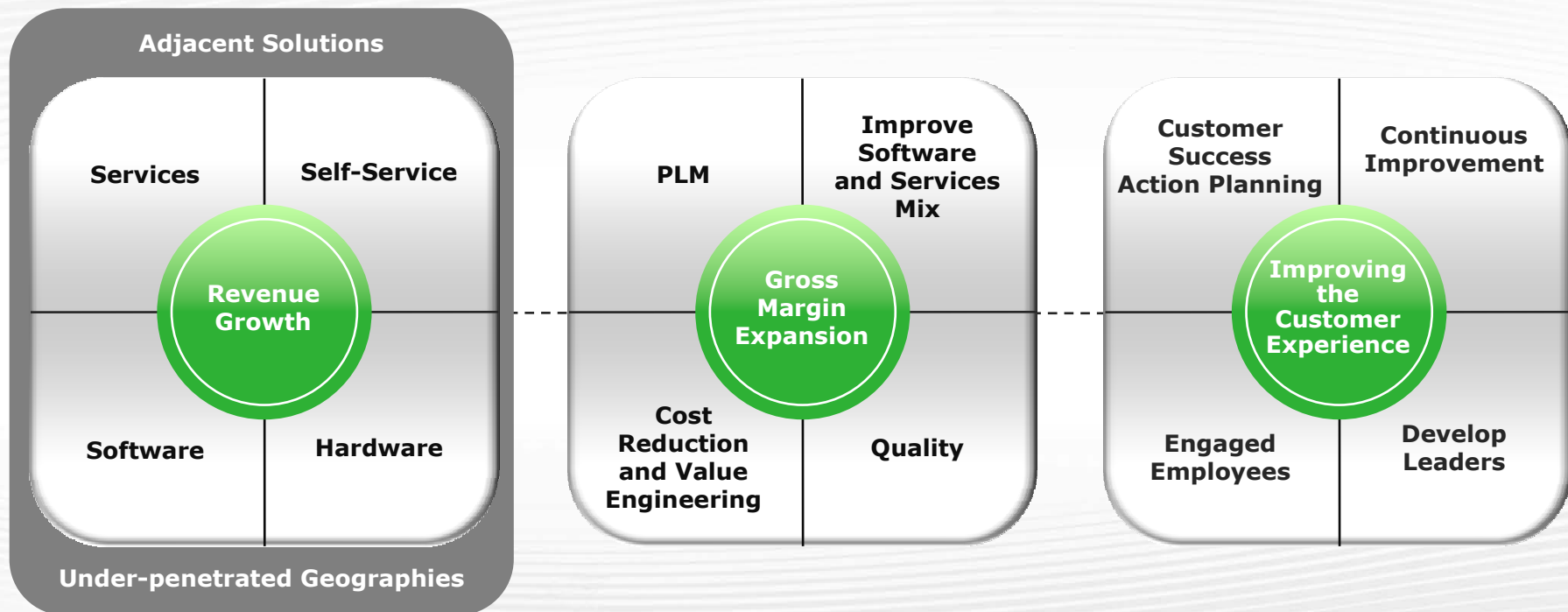
**Consultative Resources for branch and process transformation**



**NCR Services enables seamless, successful consumer interactions every time**



# Financial LoB Strategy



# Global Leadership

- Global leader in ATMs for the 24<sup>th</sup> year
- Only self-service company in the top 5 of the FinTech Top 100 (global technology and service providers to the Financial industry)
- Global leader in Intelligent Deposit
- ATM Multivendor Middleware and Applications
- Leader in Multivendor Teller Cash Recycler applications
- Microsoft Gold certified partner





**Mike Webster**  
GM, Retail and Hospitality



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Retail and Hospitality Strategy

Analyst Day  
November 16, 2010  
New York Stock Exchange

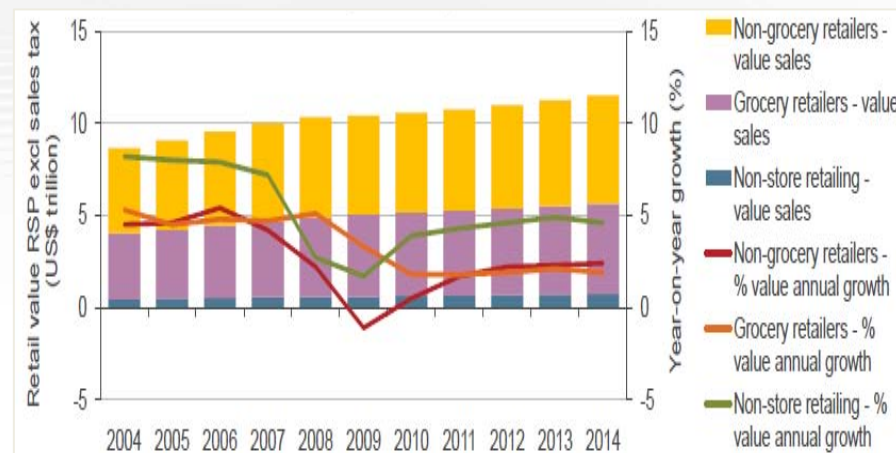




# Business Climate

## Consumers

- Global confidence increasing
- Buying to need and trading down
- Social media and mobile enabled
- Cross channel customers are significantly more profitable



## Retailers

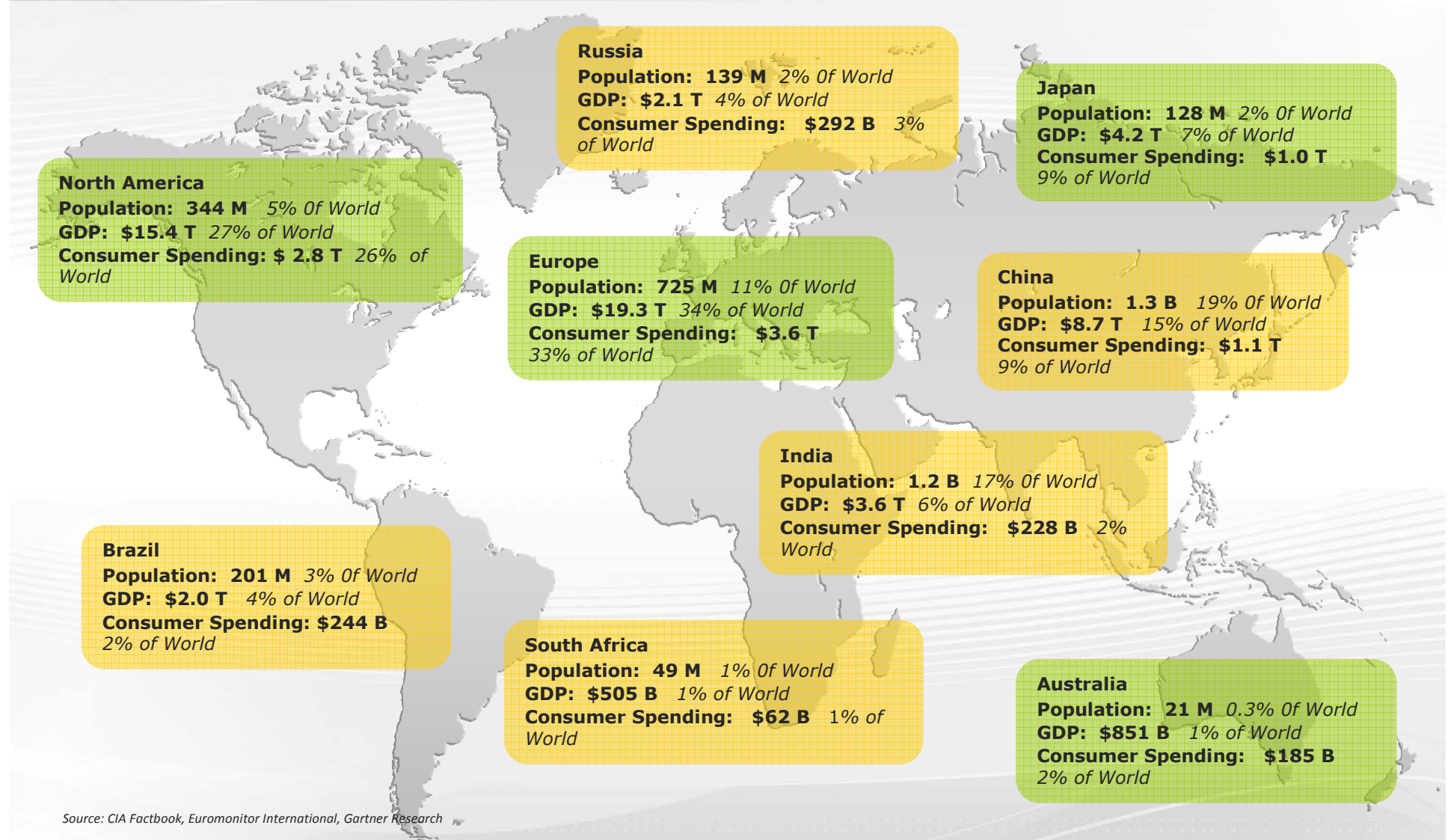
- Mass merchants have rebounded faster than food retailers
- Asia, Eastern Europe lead spend focus for global retailers
- Smaller store formats planned for urban, rural
- Merged channel focused
- Regulatory changes impact consumer credit, hiring/healthcare and internet sales



	Winners		Laggards	
<b>Segments*</b>	Non-store retail +12.1%	Foodservice +2.8%	Department Stores +.5%	
Selective segments rebound as consumers address pent up demands. Favorable 2009 comparisons also in play.	Consumer	Building Materials & Hardware +2.7%	Supermarkets +1.3%	
	Electronics +7.3%	Health & Personal Care +2.4%	Leisure +1.5%	
	Apparel +5.7%		Furniture +1.7%	
<b>Geographies**</b>	China +16.6%	France +.6%	Japan -1.1%	
Excepting China, emerging markets growth slows, with Russia as exception. Mature retail markets were challenged.	Brazil +4.1%	Canada +.2%	Italy -1.8%	
	India +4.0%	Germany 0%	UK -3.2%	
	Australia +2.2%	USA -.6%	Spain -4.8%	
			Mexico -6.1%	
			Russia -7.9%	

\* Kantar Retail US June 2010 Industry Sales Growth: % change year-to-year seasonally adjusted  
 \*\* Kantar Retail: Inflation-adjusted consumer spending growth in 2009

# Market Indicators: Developed and Emerging



# Market Analysis



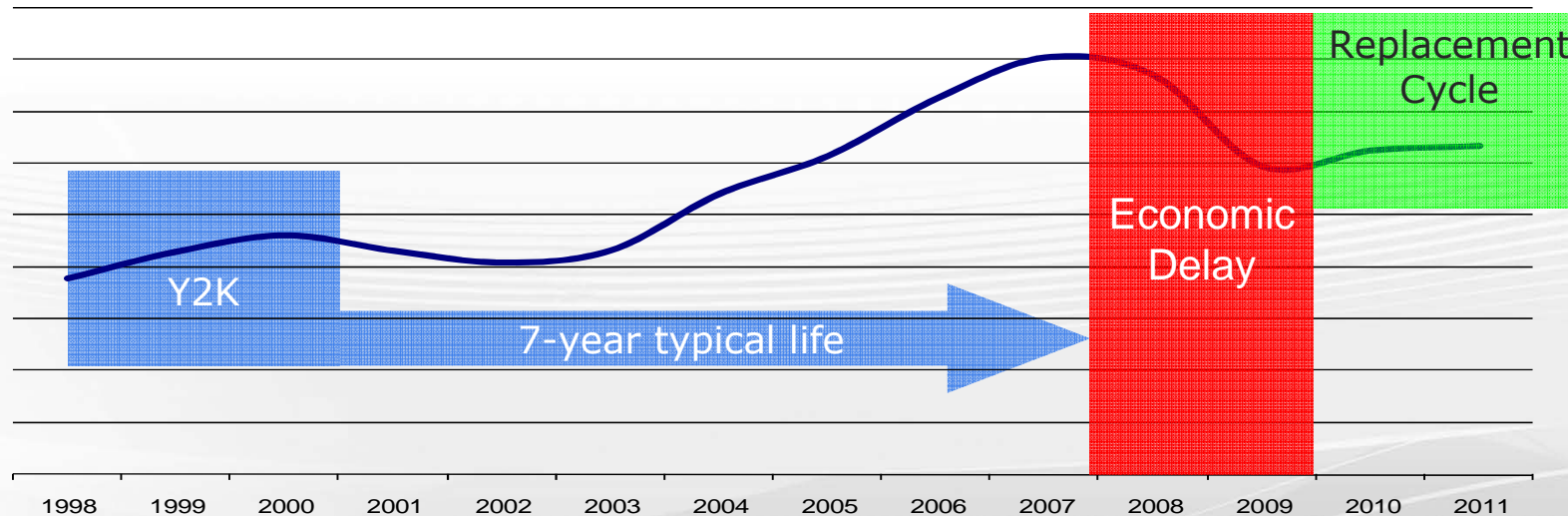
## Total Retail Store Automation Market \$21.5B

- Highly fragmented
- Growing concentration in Tier I/II
- Multiple channels of distribution

**NCR Share 8.0%**



## POS Shipments



# Self Checkout Penetration



NAMER  
~ 2.8%

Australia  
~ 1.5%

Europe  
~ 1.0%

Japan  
~ .4%

Total Market View of Self Checkout as a % of installed base of POS based on market and internal NCR data.

# Enabling the c-tailing Journey



Self checkout



POS Terminals  
and Peripherals



POS Scanners



POS and Loyalty  
Software



ATMs and  
Service Centers



Kiosk and Digital  
Signage Solutions



Entertainment  
Solutions



eMarketing



Human Factors  
Engineering

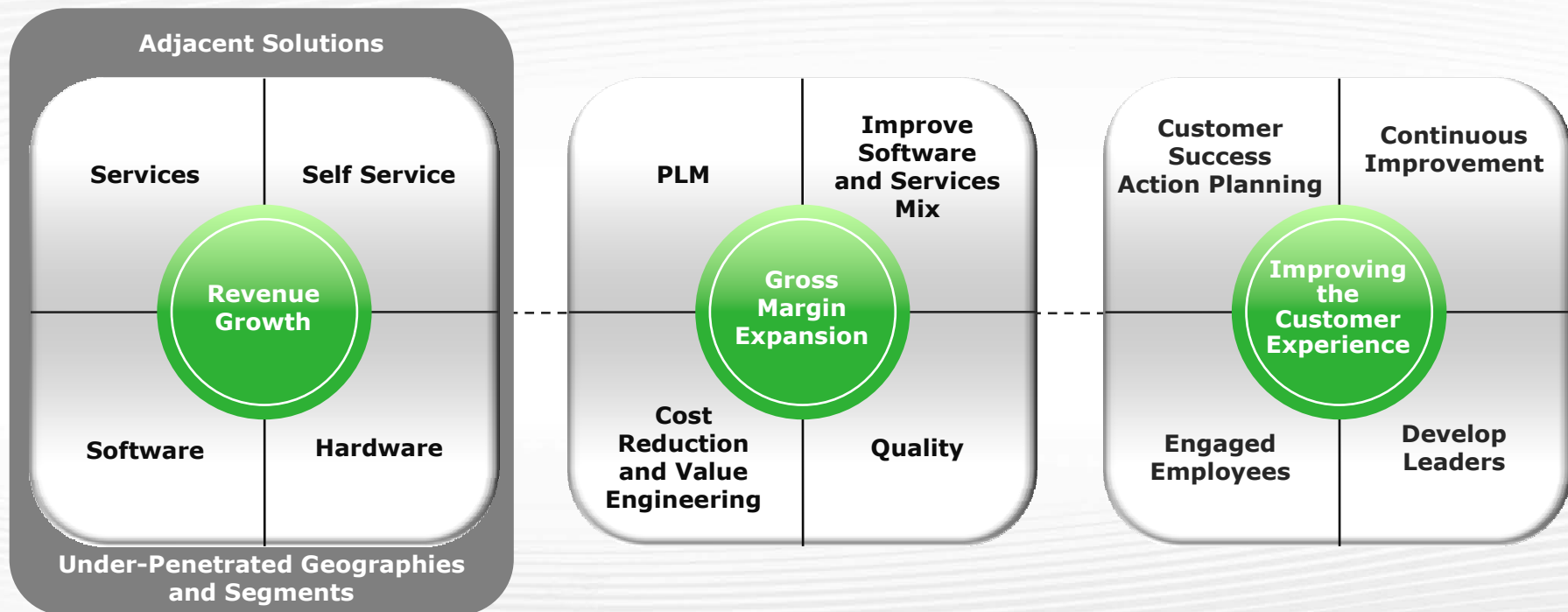


Retail Services

Celebrating 126 years of retail experience and innovation!



# Retail & Hospitality Strategy





**Chris Askew**  
SVP, Services



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Customer Services Strategy



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New York Stock Exchange

# NCR Services Well Placed to Capitalize on Growth

## Focused on Revenue Growth through Managed Services, Multi-Vendor & Total Premise

### ➤ Customer Trends / Challenges...

- Differentiating via customer experience
- Increase availability, reduce failed interactions
- Funding alternative / converging channels

### ➤ The NCR Advantage...

- Multi-factor: Industry, Channel, Vendor
- Global reach: 13,000 NCR certified professionals
- Global consistency – tools, processes
- Innovative end-to-end portfolio

### ➤ With Innovation validated....

**Gartner**

Top 10 Support Provider



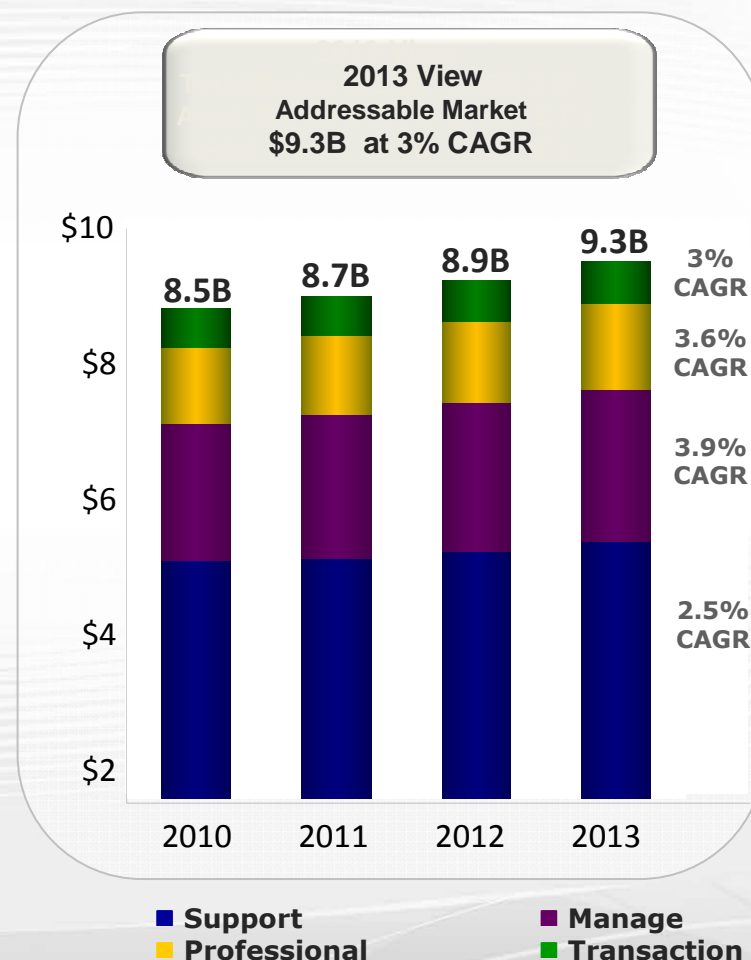
Top 20 Global Outsourcer



Excalibur Award for Predictive Services–TAG



HDFC Tech Implementation Award–Asian Banker



\* source: Gartner market data, RBR, IDC, NCR Market Research

# NCR Services Strategy

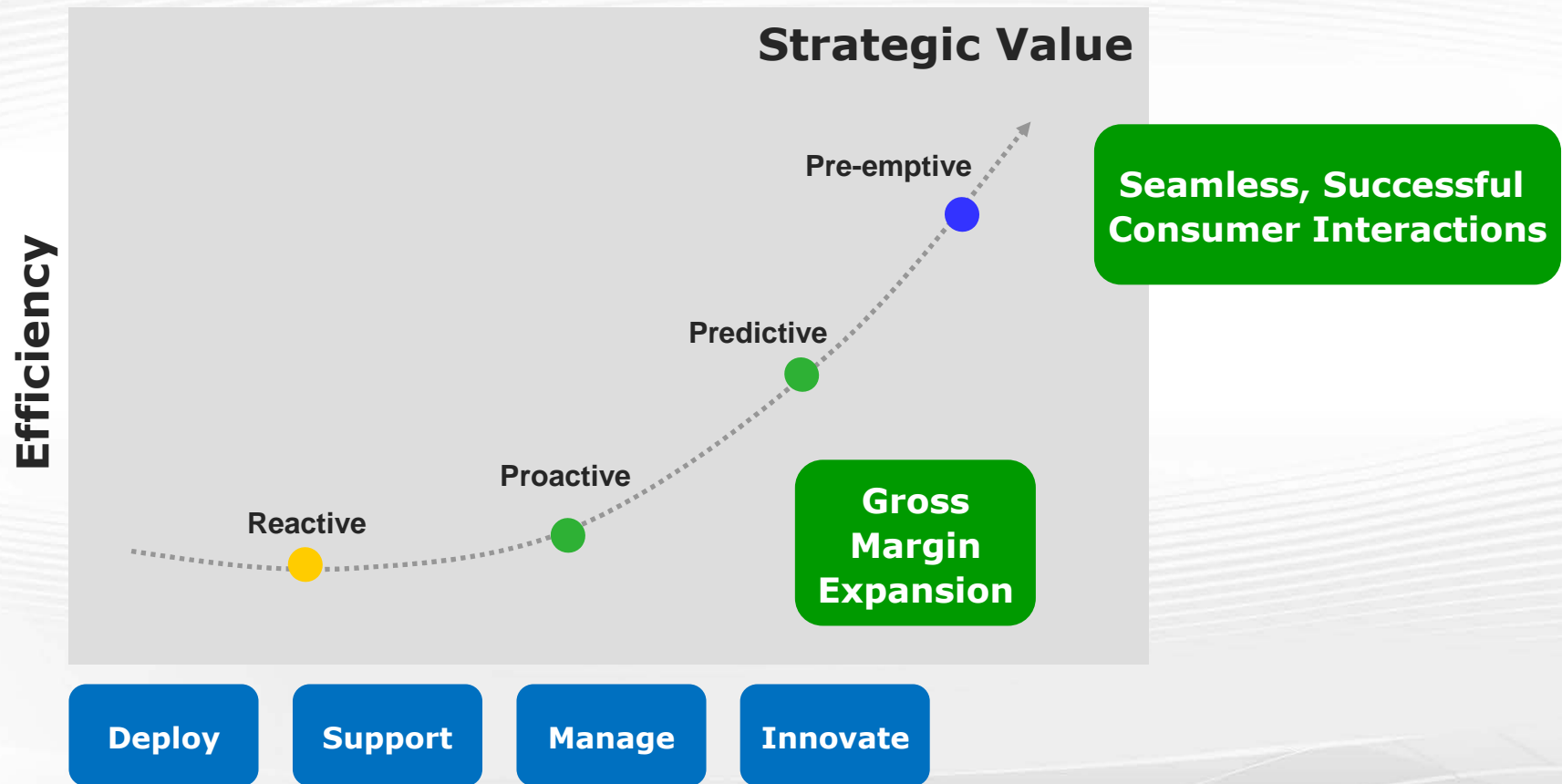
 **Growth in Revenue, Gross Margin, Customer Delight & our People**

**# 1 in Customer Delight & Service Quality**



# Delivering Higher Value Services...More Efficiently

➔ Transitioning from break-fix provider to strategic business partner



Gartner, Inc.



# Service Innovation...Redefining the Customer Experience

## Current Model

Failure  
Occurs

Notify  
Service  
Provider

Remote  
Diagnose

Dispatch

Travel  
to Site

Repair

Close with  
Customer

Frequency of Occurrence and Resolution Time



**Imagine a world where...Predictive drives new levels of availability**

## The New Service Model

Gather  
Detailed Status  
info

Fix it Before it  
Breaks

Without a Visit  
to the Site

Send Right  
Skills, Part &  
Procedure

Scheduled at a  
Low Usage  
Time

**Our Reality today....**

# The NCR Services Advantage: The Multi-Factor

**No other competitor offers the portfolio, services intelligence and innovation to provide a seamless consumer experience across all channels**

Global Capabilities	Managed Services	Services Innovation
<p>13k Badged, Certified Professionals</p> <p>Support</p> <ul style="list-style-type: none"><li>• 2M Points of Service</li><li>• 12M Incidents / Year</li></ul> <p>Global Multi-vendor</p> <ul style="list-style-type: none"><li>• 200+ OEM brands</li><li>• Thousands of products</li></ul> <p>Global Coverage</p> <ul style="list-style-type: none"><li>• 13 Managed Service Centers</li><li>• 90+ Countries</li></ul>	<p>Service Management</p> <p>Multi-vendor Maintenance</p> <p>Remote Monitoring</p> <p>Incident Management</p> <p>Consumer Help Desk</p> <p>Technical Help Desk</p> <p>Media Replenishment</p> <p>Currency Management</p> <p>SaaS/Hosting</p> <p>eCommerce Solutions</p>	<p>Interactive Insight<sup>SM</sup></p> <ul style="list-style-type: none"><li>• Improve product quality</li><li>• Drive service delivery</li><li>• Optimize estates</li></ul> <p>Real-time data monitoring</p> <p>Dynamic transaction analytics</p> <p>Predictive Services</p>

**Global Processes and Tools Enable Consistency**

# Summary

- **Profitable growth engine** for NCR
- Leverage solid foundation to **scale into Emerging Markets**
- **Eliminate defects** across services value chain for **GM expansion**
- **Transform consumer experience** with **Predictive Service Innovation**



**Justin Hotard**  
GM, Entertainment



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Entertainment

Analyst Day  
November 16, 2010  
New York Stock Exchange



# Entertainment Market Trends

## ➤ US rental market shifting in favor of Self-Service

- Rapid Transition from Bricks and Mortar to Kiosk
- Continued shift to Mail and Digital

## ➤ Kiosk market continues to grow rapidly

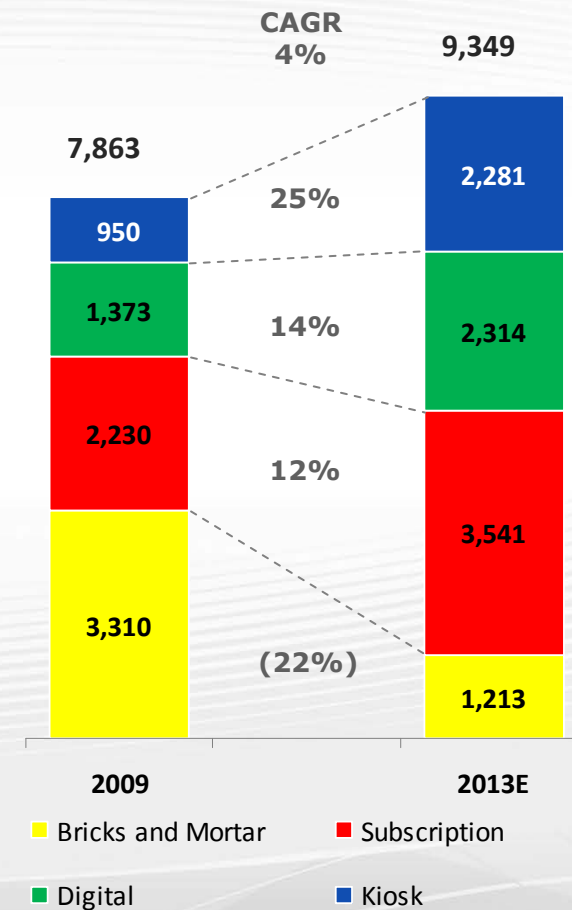
- Market potential for up to 100K kiosks
- \$2B-\$3B market for Kiosks over next 3-5 years

## ➤ Multiple opportunities exist

- US Video Sell Through - \$10B
- US Video Games - \$30B
- Global Media Market - \$300B

Source: Adams Media, AMR, PWC, Internal Analysis

### US Rental Market Forecast (in \$m)





# How We are Executing our Business

## ➤ Revenue Growth

- Focus remains on US and Canada near term  
New Offers – Sell Through, By Mail, Digital
- Density– Fewer larger partners / fewer markets



## ➤ Improving the Customer Experience

- Improved copy depth due to studio agreements
- New interaction points – Online, Social, and Mobile
- Joint promotion activity with retail partners

**DUANE**reade™

**GRISTEDES**



## ➤ Operational Excellence

- Lean distribution operations
- Optimized allocation of movies to align supply and demand



# Studio & Content Strategy Update



- Direct Relationship with a Day and Date rental test starting November 30 and a 28-day window on other titles



- Direct Relationship with a Day and Date rental test in Q1 '11 and a 28-day window on other rentals

**Other  
Studios**

- Sourcing day and date content test agreements and ongoing negotiations for long-term agreements

- 
- Planning a multi-channel day and date test in December with movies not available at other kiosk and subscription channels
  - Expanding Blu-Ray rollout in Q4 in select markets

# Enabling the Digital Endpoint

Targeted Digital Offers  
to Consumers at the  
Point of Decision

netkey



Digital Delivery via  
Flash Memory (future)



MOD  
systems



SMS and Email  
Marketing Campaigns



Online and Mobile  
Reservations

mobika



**Platform leverages NCR core technologies and supported by NCR Managed Services**

# Our Vision for Entertainment – Get What YOU Want

Targeted Marketing to  
Increase Revenue per Customer

Automated Retail Kiosk

- Rental
- Sell Through

Pick up selected content  
at the store, in the kiosks

At home

- Rent Online
- Purchase Online
- Direct to Home

**2013E U.S.  
Market for Video  
Consumption  
(Purchase and  
Rental) - \$18.7B**

At Stores

- Digital Media Filling Station
- Automated Retail

On the go

- Rentals and Purchases
- Portable Digital Viewing

"Once I buy, I'm enabled"

# The NCR Advantage

## ➤ Market Opportunity

- Continue to see large market opportunity in US over next 3-5 years with little risk of digital disruption near term
- Ability to lead the transition to self-service in the global market for media consumption

## ➤ Expansion

- Up to 10K end points in 2010 with continued build-out in 2011
- License to use Blockbuster brand in the kiosk channel in US and Canada

## ➤ Financials

- EBITDA break-even in Q4 2010 with a goal of \$25M-\$35M positive EBITDA in 2011
- \$1B+ revenue opportunity





**Jeff Kao**  
GM, Healthcare



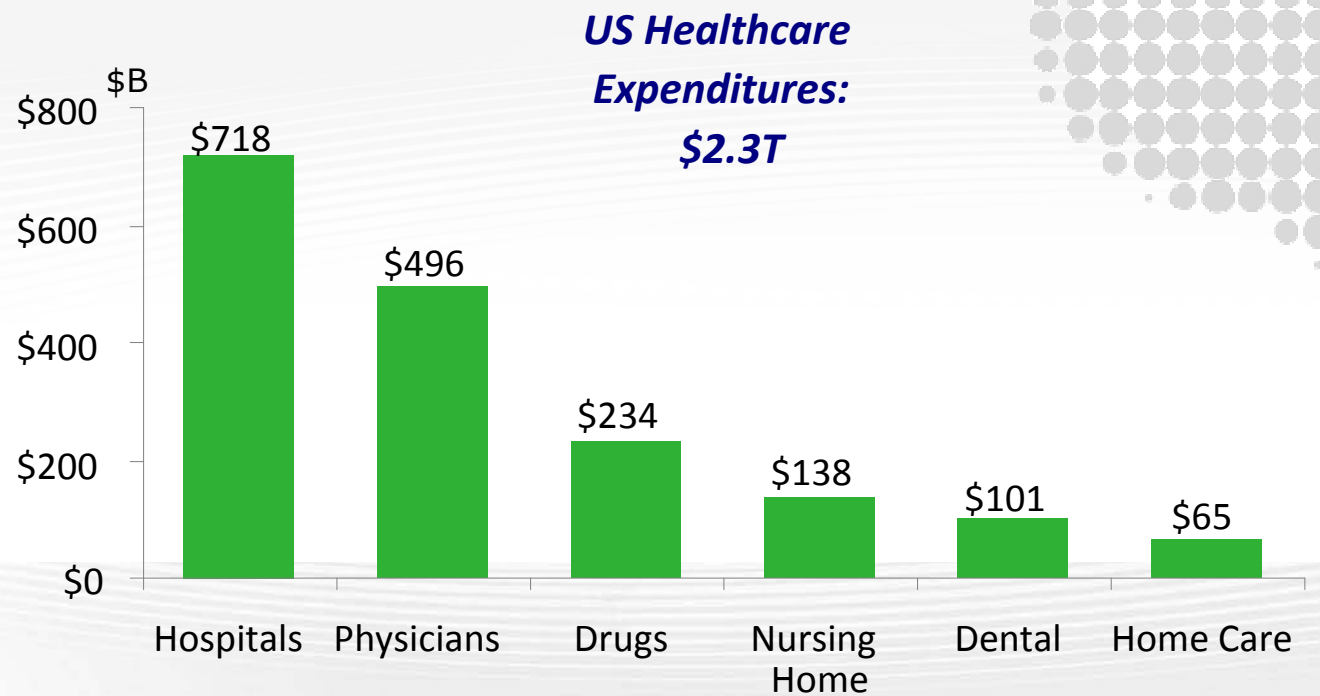
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Healthcare Strategy

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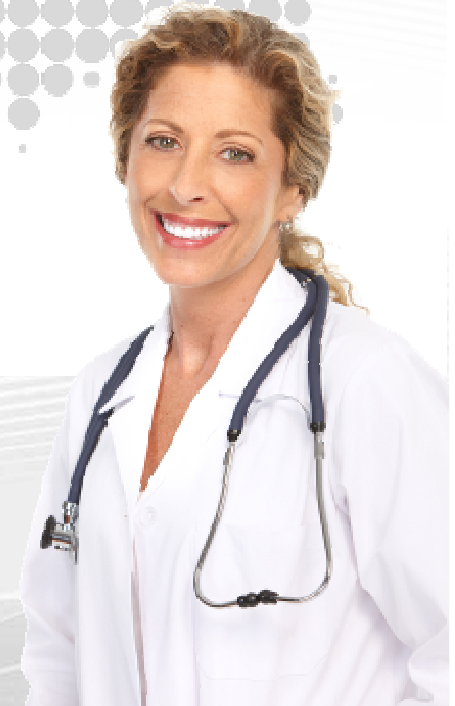


# US Healthcare Market

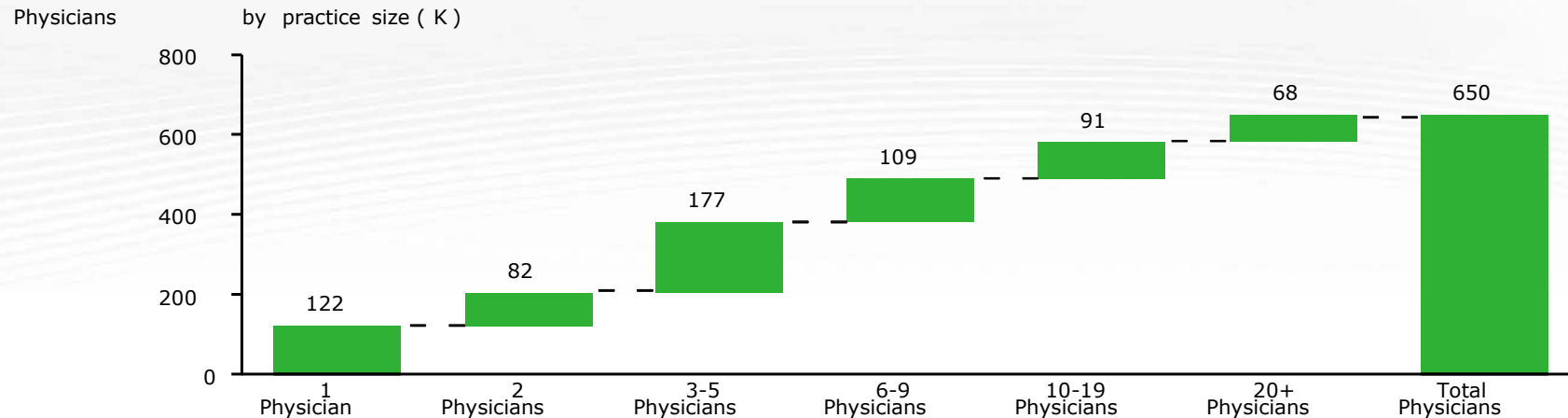


Source: National Health Expenditure Data, US Department of Health & Human

Services

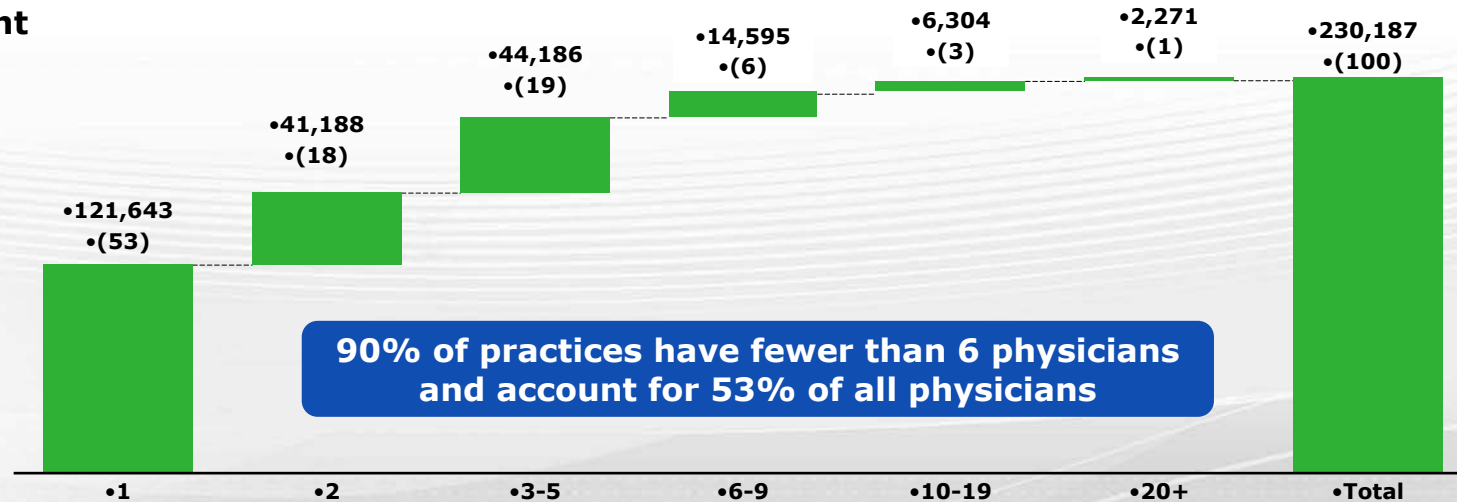


# The Market is Highly Fragmented with Over 200,000 Physicians Offices



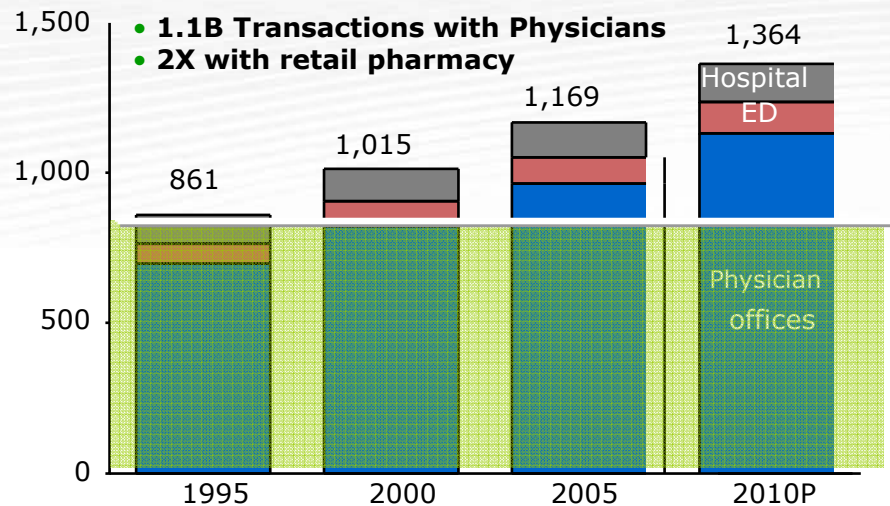
Source: SK&A, National Physicians Report, 2008

- Number of U.S. physician practices by number of physicians
- **Percent**



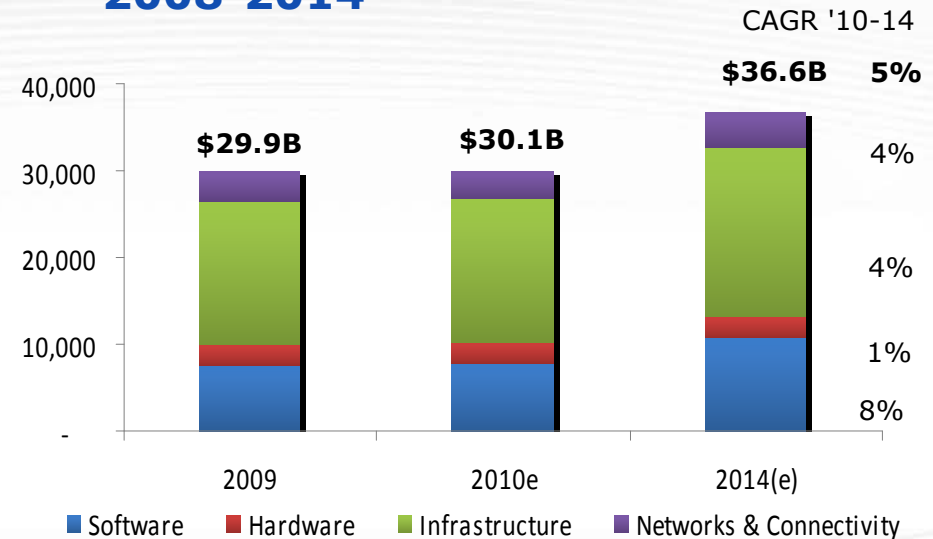
# Current Environment

## High Transaction



Source: Health, United States, 2007 (US Dept. of Health and Human Services)

## Healthcare Provider IT Spending, 2008-2014



Source: Gartner, Forecast: Enterprise IT Spending by Vertical Industry Market Worldwide, 3Q 2010

## Health Reform

- **~32M uninsured entering system in '14**
- All preventive measures covered
- Estimated 200M additional transactions per year
- Expansion of Medicaid
- Penalties for employers and citizens with no coverage

Source: March 20, 2010. Congressional Budget Office/Joint Committee on Taxation

# Self-Service Needed in Healthcare...

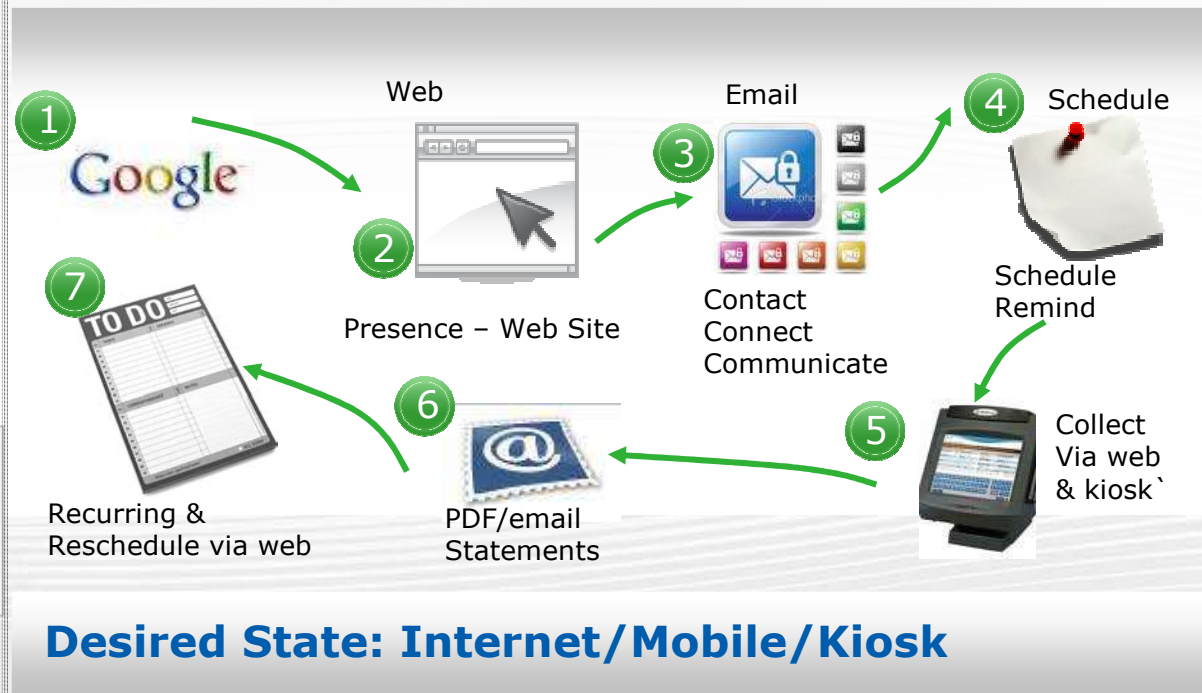
**Physicians: 1.1B Transactions with little or no web/email/internet interactions**  
**Hospitals: Largest revenue expenditure ... highly variable/complex transaction sets**

## Present State: Phone/Mail



- Access
- Availability
- Confirmation
- Eligibility
- Follow-up

- Statements
- Billing
- Results
- Insurance
- Personal Information





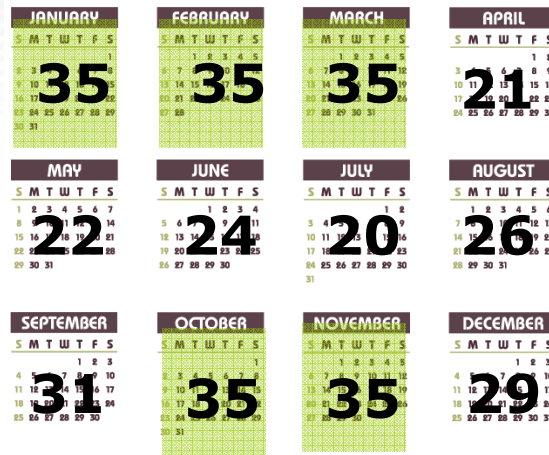
# Why Physicians Should be Interested

## 1 Physician x 35 patients

Per day



**\$100 / Visit X 200 Days**

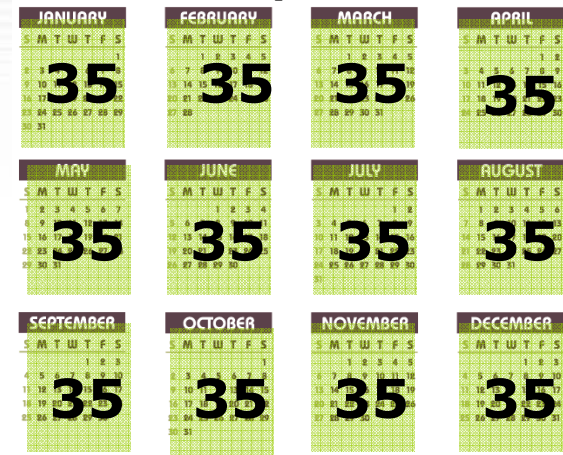


## Healthcare is Seasonal



## Workflow Management

Drives linearity



- ✓ Incremental Revenue
- ✓ Operational Efficiency
- ✓ Improved Productivity

**~ \$700K Billings  
Per Physician / Yr**

Break even  
\$75K investment

**~.5%**

**3 Visits / Dr / Month  
(20 Physician Practice)**

\$700K Incr Rev  
\$75K investment

**5%**

**\$625K Incr Profit / Office  
(20 Physician Practice)**

# Why NCR is Well Positioned

Before



After



Design & Maintain  
Physician Websites



Hosted Data Center  
w/ 24 X 7 Disaster Recovery  
w/ HIPAA Compliance

Online  
Scheduling  
and Appointment  
Request



E-Forms  
Medical History,  
Insurance, HIPAA,  
Medical Necessity Forms



Payment Collection  
and Cancellation  
Payment



Reminder, Alerts,  
and Automatically  
Schedule Recurring  
Appointments



## Conclusion ...

- **Huge marketplace that is in dire need of self-service automation solutions**
- **Help physicians develop capabilities available in all other markets (web, email, scheduling, payment collections)**
- **Enable optimization of patient and office/physician demographics and scheduling**
- **Physician markets ... traditional challenged by cap ex and require a software as a service (SaaS) model**
- **NCR focused on a develop/test/grow strategy**



**John Bruno**  
Executive Vice President



---

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Travel and Gaming Strategy

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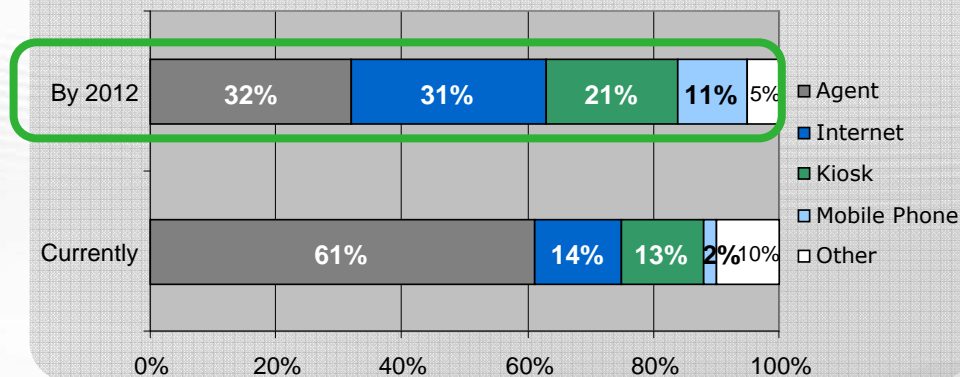
# Business Climate

## Travel Suppliers



- Revenues from corporate travel in 2010\11 expected to meet pre-recession (2008) levels
- 2010\11 is a recovery year for airlines
- Airline and car rental consolidations represent an opportunity
- Airlines continue to increase their reliance on ancillary revenues (seats, meals, luggage)
- Airports are becoming the primary deployer of common use kiosks
- Hotel occupancy\rates seeing some recovery

### Passenger use of Check-in



Source: Airline Business 2009 Information Technology Survey

## Gaming Operators

Las Vegas gaming still lagging (destination); Macau/Native American casinos still strong

**More than 50%** of passengers worldwide want more self-service options

According to the 2009 IATA CATS (Corporate Air Travel Survey)



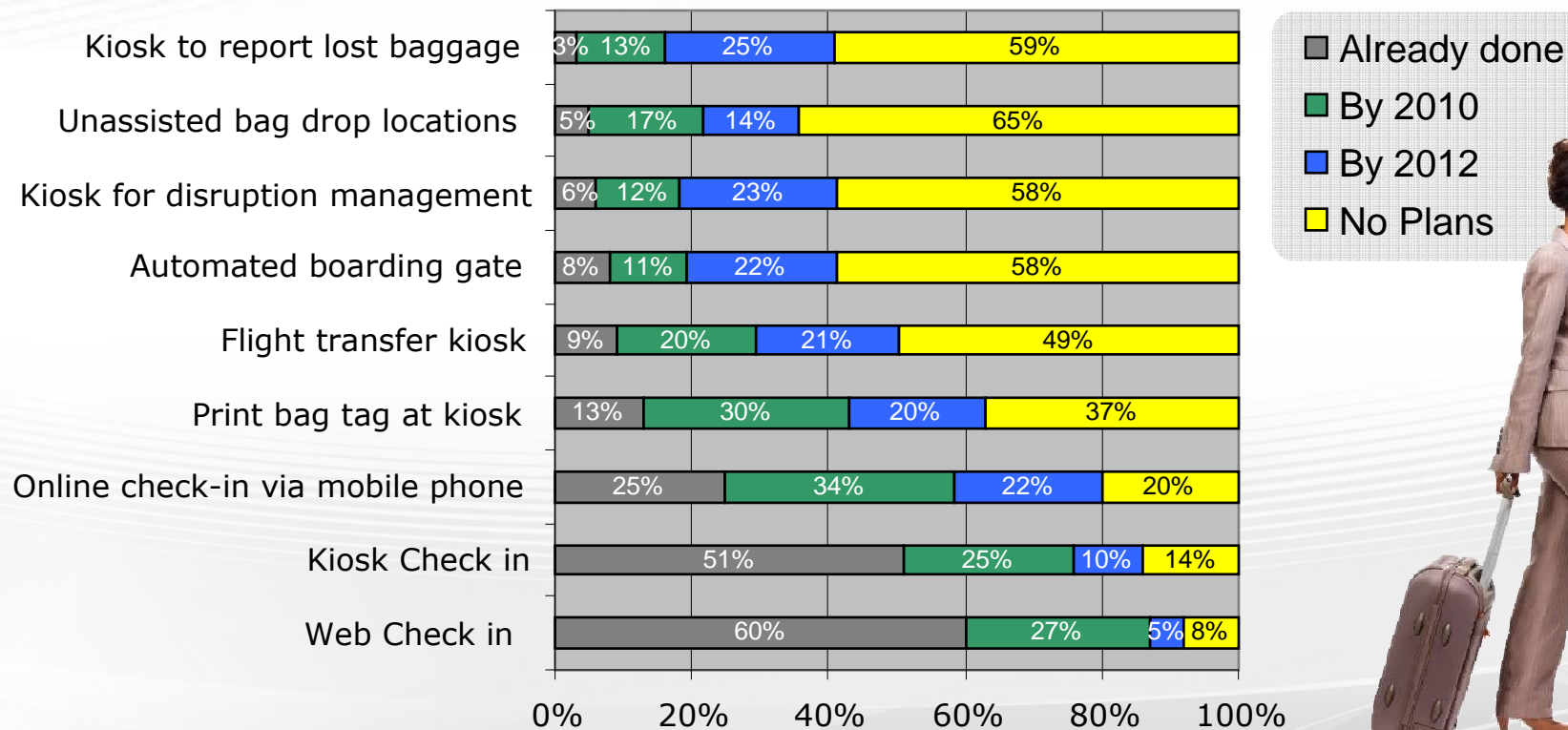


# Airline Top Kiosk Priorities for Investment



**90% of airlines rate “passenger processing and services” as the highest priority**

## Implementation of Self-Service Functionality



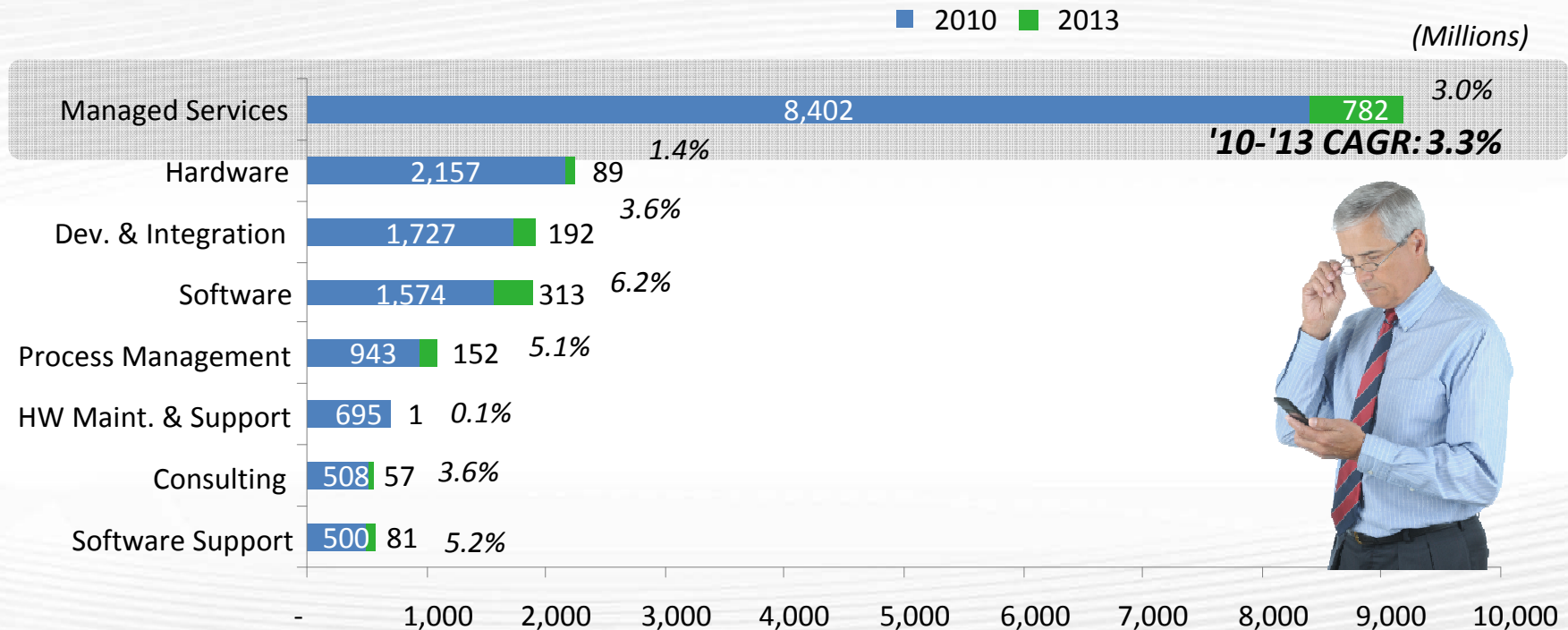
Source: Airline Business 2009 Information Technology Survey



# \$16B Air Industry Top Priorities for Investment



## 2010 Gartner Air Industry IT Spend Forecast



**Today's separate  
and disparate  
systems**

Rental



Hotel

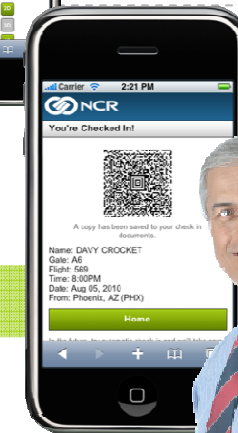
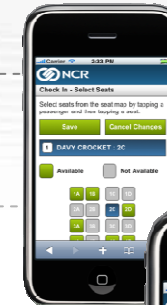
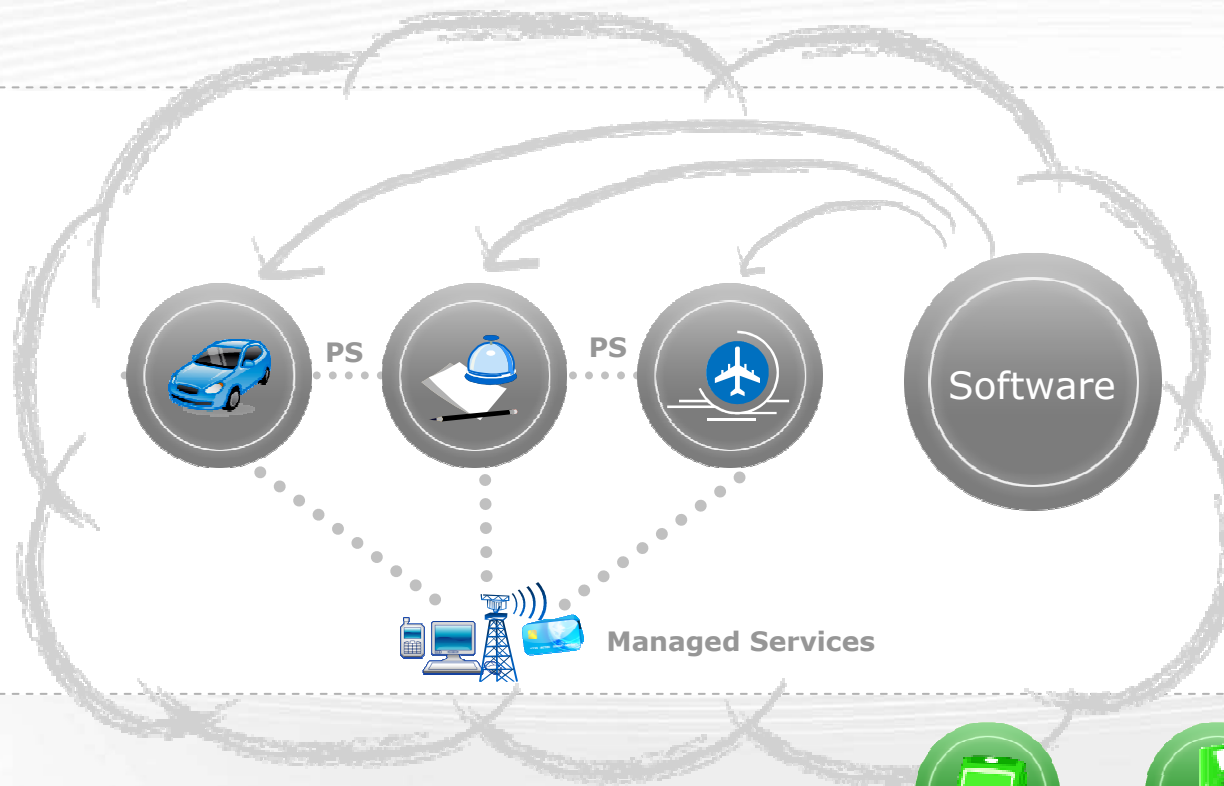


Air



# Stateless Environment: Software-driven Business Model

## ➤ Tomorrow's integrated service provider model



**Enables personalized self-service**



Assisted



Kiosk



Internet



Mobile



# Travel Leverages Total NCR Capabilities

## Managed Services

- Hosting, field services, help desk, passenger workflow operations, security, improving the customer experience
- Total premise service



**\$1.2 B  
(est.)**

## Expansion of Core\Adj. Solutions

- Domestic refresh
- International expansion
- Hosted software options
- Subscription commercial models



**\$600 M  
(Kiosk  
check-in  
only)**

## Game-Changing Converged Channel Travel Management Platform



**Market  
Creation**

## ➤ What makes NCR unique?

**Ability to offer total premise  
OEM support**

**Global coverage of CEs**

**Currently service kiosks,  
ATMs and POS in airports  
and hotels**

**Triple Play – web, mobile  
and kiosk applications**

**Leverage overall industry  
knowledge & solutions portfolio**

**Independent technology  
partner with a focus on  
self-service – Trusted Partner**

**Connectivity to back end  
supplier host systems**

**Ability to provide web,  
kiosk and now mobile solutions**

**Nobody in the travel  
supply chain looks at the  
entire trip – during the time of  
journey**



**Peter Dorsman**  
SVP, Operations



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## Operations Strategy

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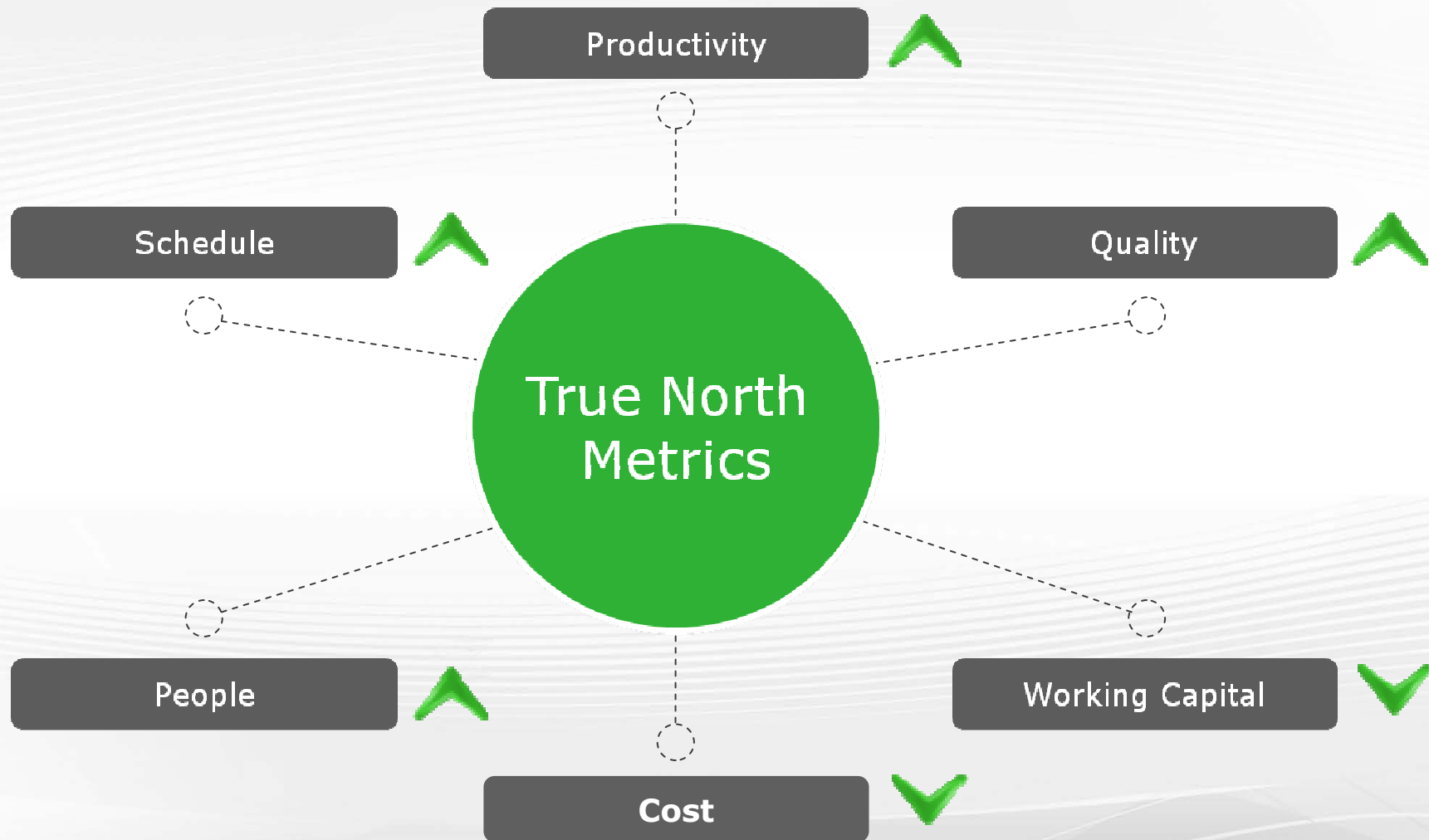




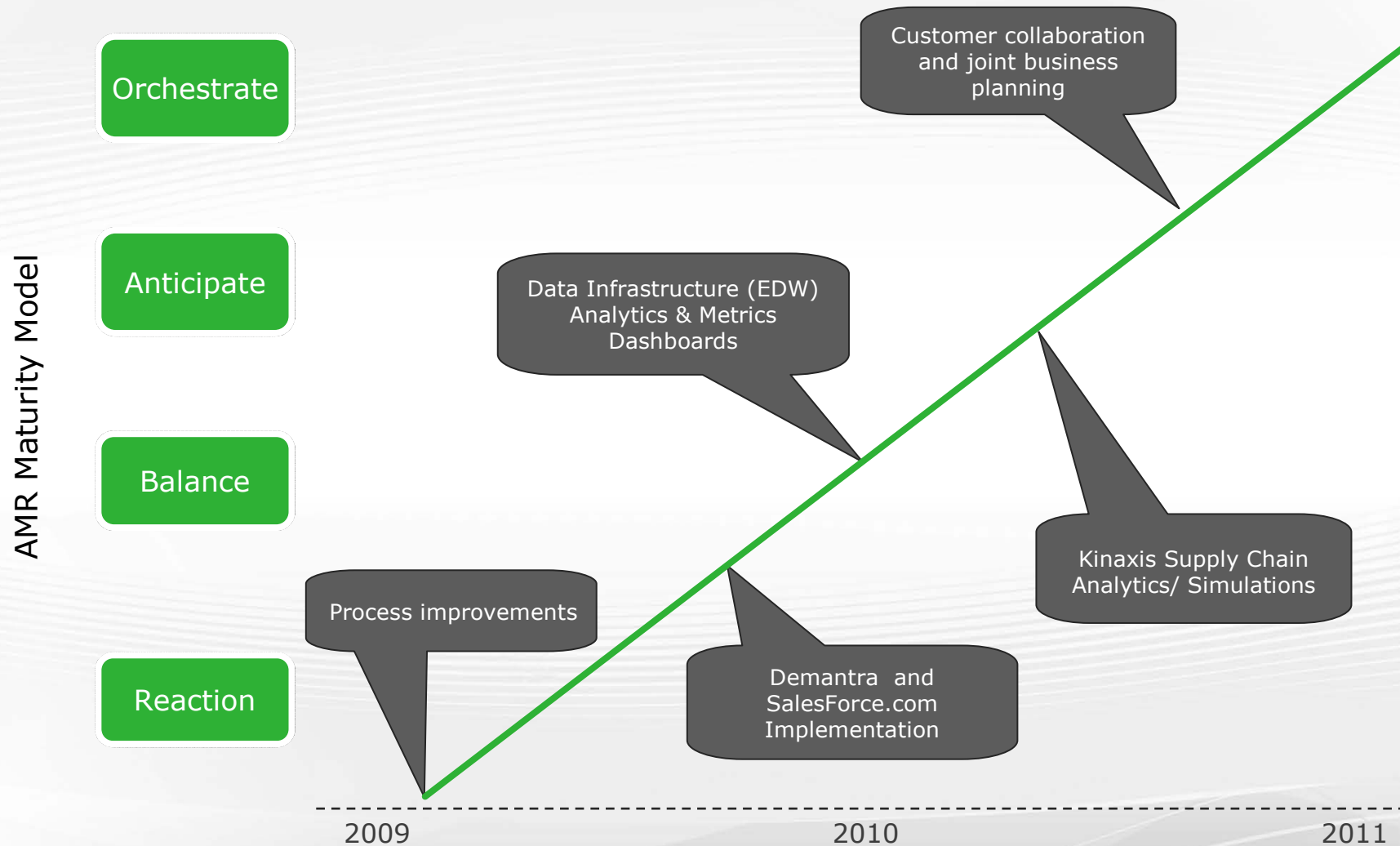
# Organization Model



# Operational Excellence



# Sales & Operations Planning Journey

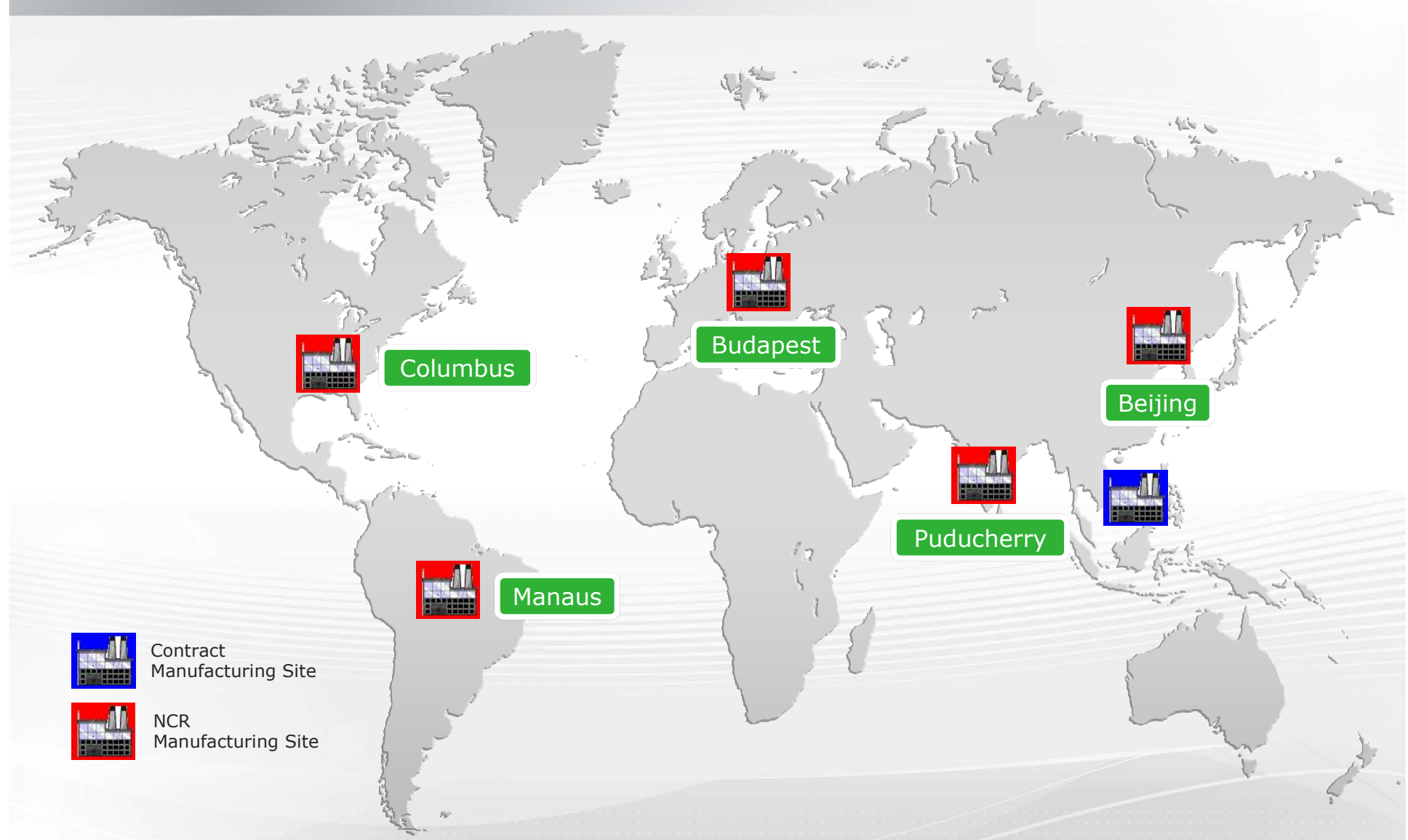


# Sourcing



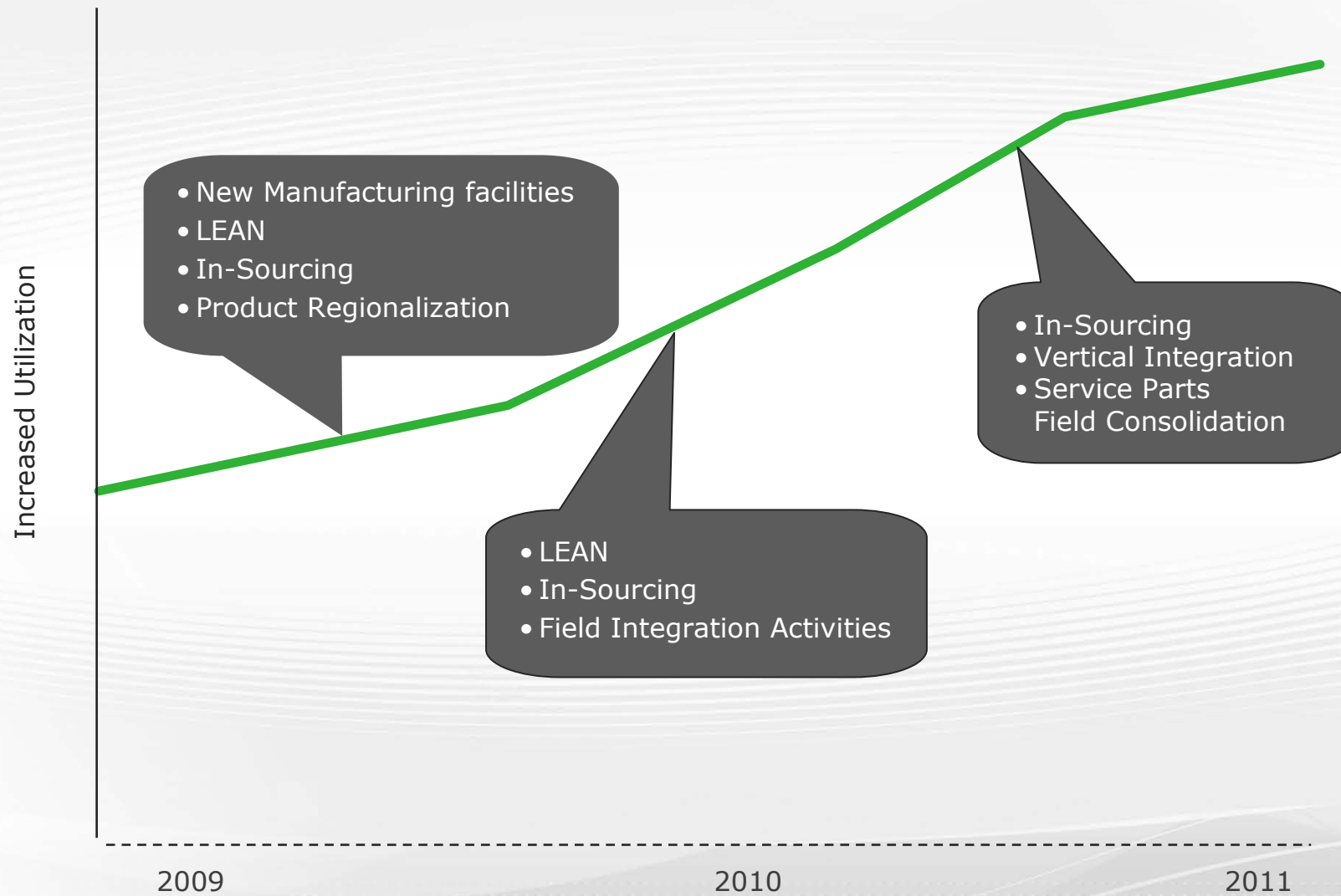
- PLM / New Product Introduction
- Global / Local Suppliers
- Supplier Performance (Assessments and PPM reductions)
- Value Engineering
- Supplier Managed Inventory (SMI)

# Global Manufacturing Network





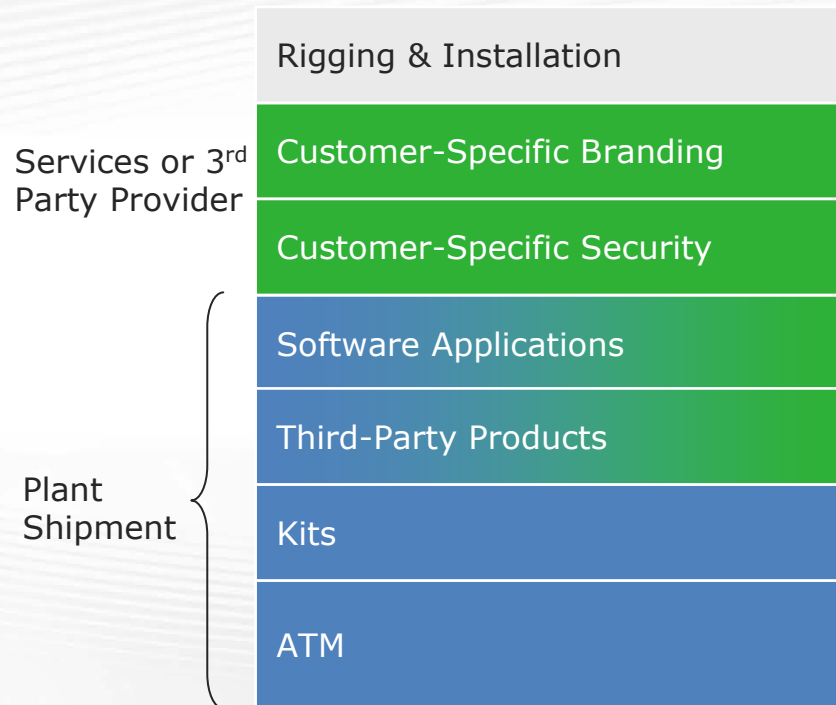
# Plant Utilization "Journey"



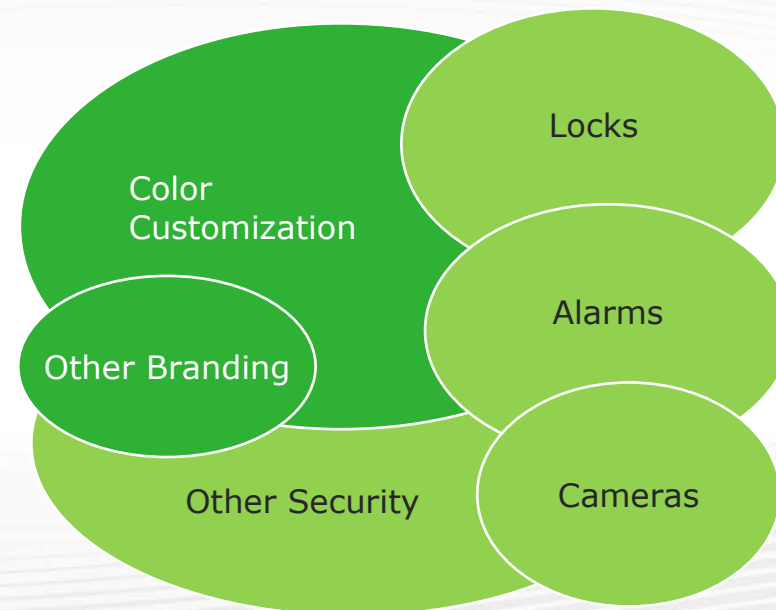
# Field Integration Enabling Increased Utilization



## Complete Customer Solution



## Local Staging



Deliver complete customer solution to increase customer satisfaction, improve Gross Margin, reduce customer delivery lead time, improve quality, reduce field finished goods

# NCR Manufacturing Facilities

**Budapest**



**Columbus**



**Puducherry**



**Beijing**



**Manaus**

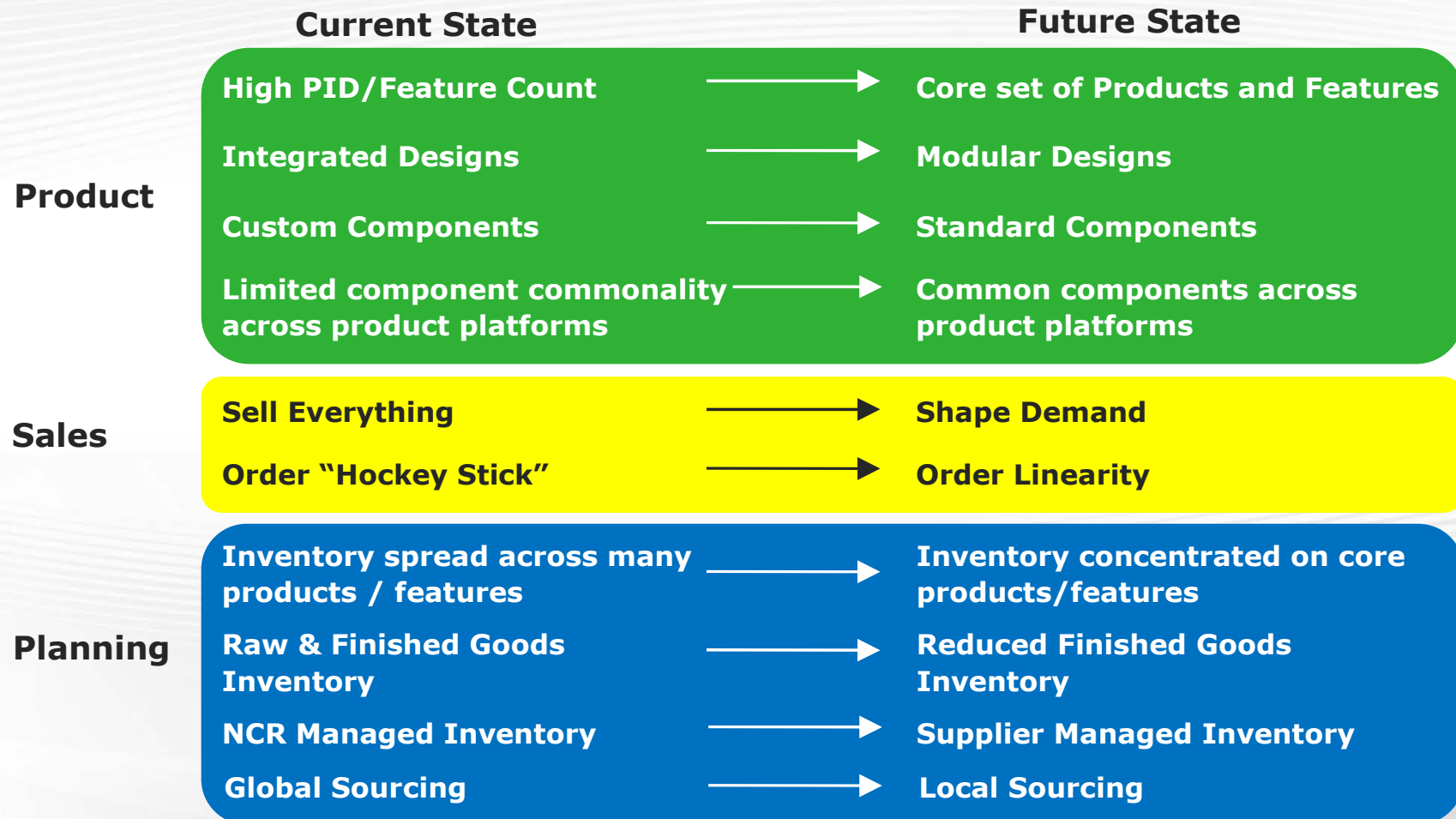


# Assemble to Order (ATO) Model



## ATO Vision

Ship an Assembled-to-Order (ATO) Core Product at industry best lead-times





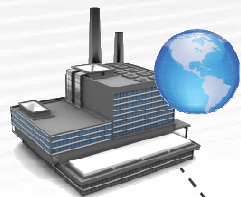
# Service Parts and Logistics Operations

➤ Parts

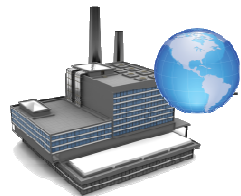
➤ NCR Global Distribution & Logistics Centers

➤ Field Stocking Locations

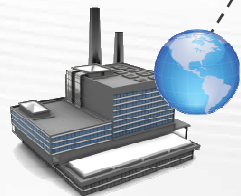
➤ NCR Customer Engineer



OEMs



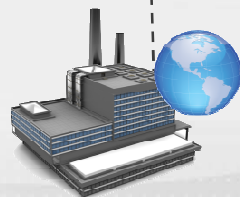
NCR Suppliers



NCR Plants



Repair  
Centers



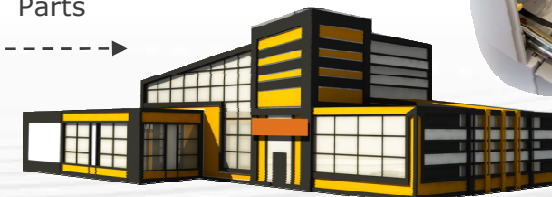
Parts



Personal Part Kit

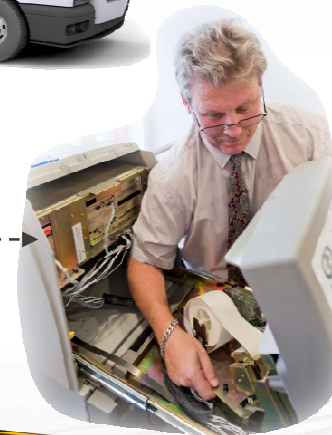
Parts

Parts



Forward Stocking Locations

Defective Parts



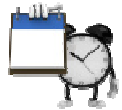
CUSTOMERS



# Global Operations Development Program

NCR Leadership Development Program

Global Operations True North Metrics



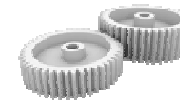
**Schedule**



**Cost and Working Capital**



**People and Productivity**



**Quality**

Supply Chain Competencies

Georgia University System Partnership

Peer Best Practice Sharing

Industry Partnerships

Experiential Learning/Stretch Assignments



**Bob Fishman**  
Chief Financial Officer



## Financial Strategy

Analyst Day  
November 16, 2010  
New York Stock Exchange

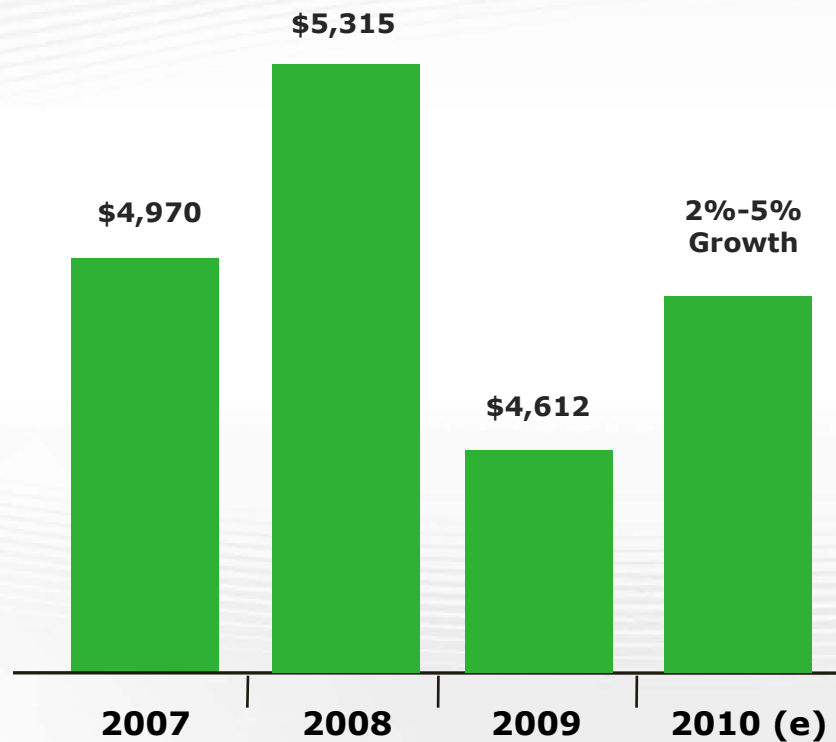


# Creating Shareholder Value – Current State



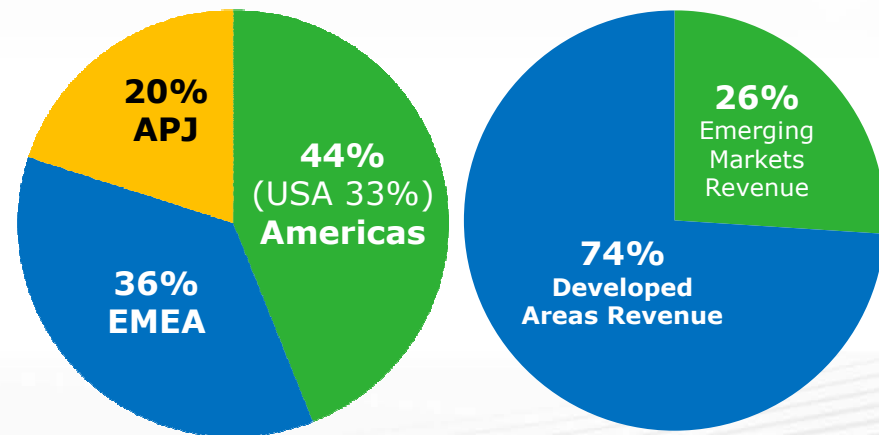
# NCR Revenue Trends

## Return to Growth in 2010



(\$'s in Millions)

## Geographic Diversity (2010 Q3 YTD)



# Revenue and Gross Margin by Geography

Revenue growth led by EMEA. Gross margin improvement led by the Americas.

Revenue	2008	2009	2010 Q3 YTD
Americas	\$2,269	\$2,022	\$1,514
EMEA	\$2,066	\$1,649	\$1,213
APJ	\$980	\$941	\$686
Total	\$5,315	\$4,612	\$3,413

GM% <sup>(1)</sup>	2008	2009	2010 Q3 YTD
Americas	19.3%	19.1%	21.9%
EMEA	26.9%	24.3%	23.2%
APJ	24.2%	22.0%	21.9%
Total	23.1%	21.6%	22.4%

(\$'s in Millions)

(1) See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.



# Revenue and Gross Margin by Product and Service

Strong revenue growth in Products. Continued margin expansion in Services. GM in Products will continue to improve with higher volume and cost reductions.

Revenue	2008	2009	2010 Q3 YTD
Products	\$2,861	\$2,234	\$1,655
Services	\$2,454	\$2,378	\$1,758
Total	\$5,315	\$4,612	\$3,413

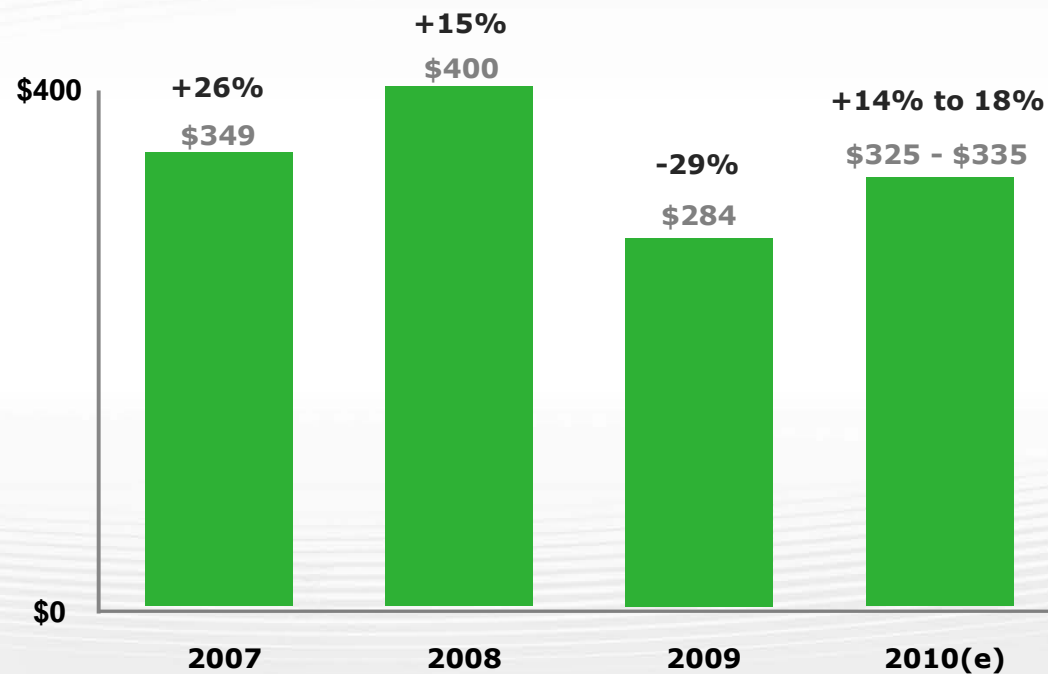
GM% <sup>(1)</sup>	2008	2009	2010 Q3 YTD
Products	26.6%	20.3%	20.7%
Services	19.2%	22.8%	23.9%
Total	23.1%	21.6%	22.4%

(\$'s in Millions)

(1) See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

# NPOI: Return to Growth

## NPOI: Non-Pension Operating Income <sup>(1)</sup>

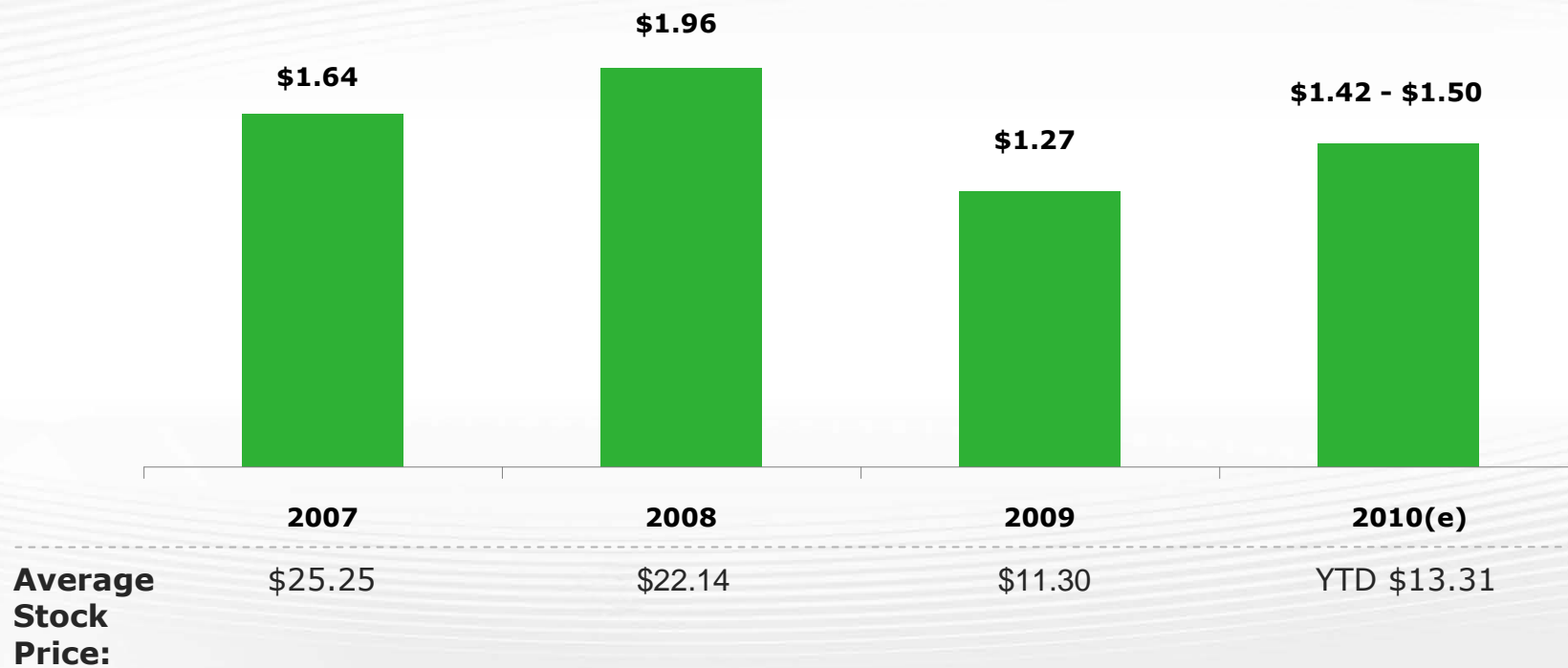


(\$'s in Millions)

<sup>(1)</sup> See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

# Return to Non-Pension EPS Growth

EPS: Excluding Pension and Special Items<sup>(1)</sup>

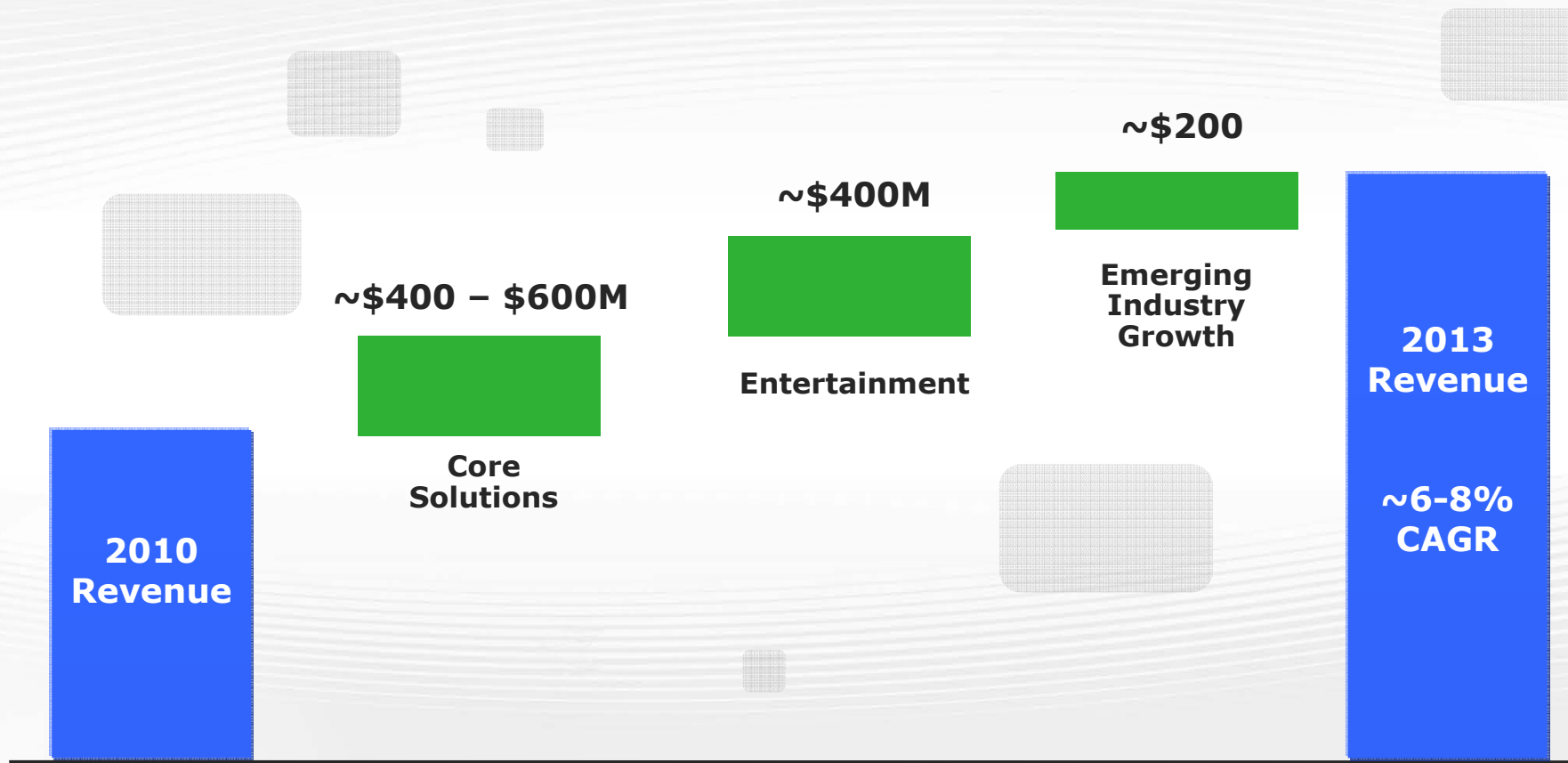


<sup>(1)</sup> See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

# Creating Shareholder Value – Going Forward



# Evidence For a New Way of Thinking





# Managing for Margin

## Reducing our Cost Structure

### ➤ Key Initiatives

- Cost reduction and value engineering
- Product lifecycle management
- Design for serviceability, manufacturability, cost
- Continuous Improvement – Cost of Quality
- Improving labor productivity

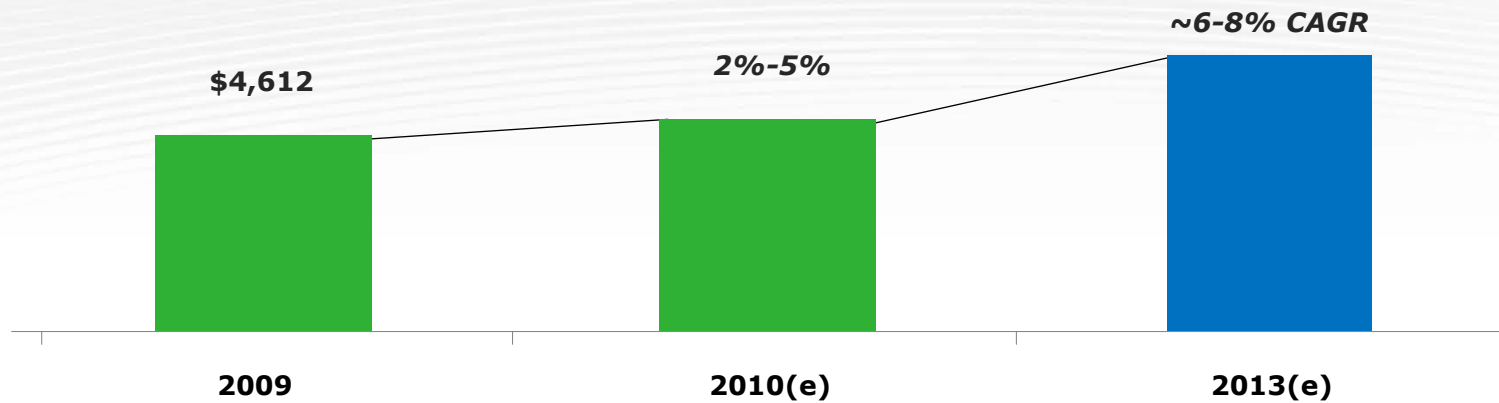


**\$200 million to \$300 million savings for the period 2011-2013 (50% reinvested)**

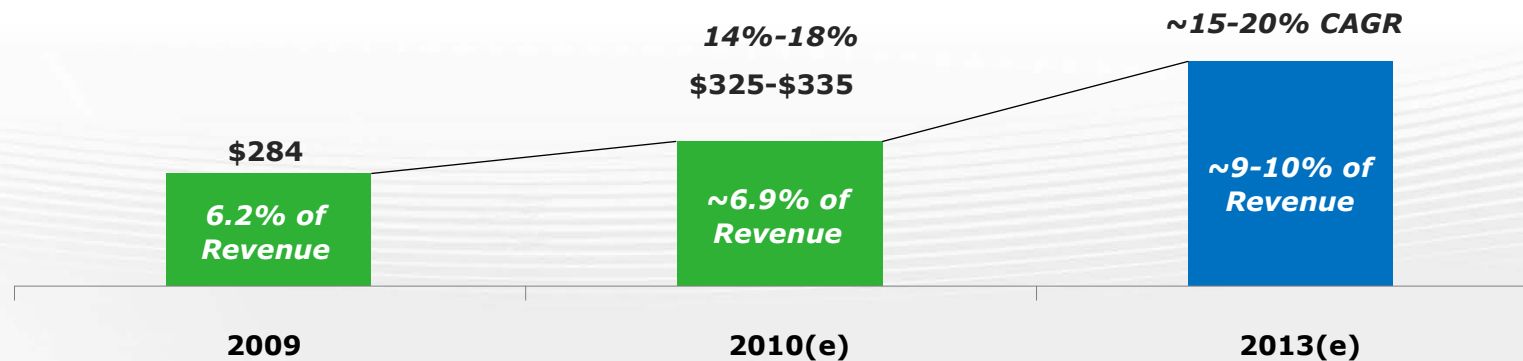
# Revenue & NPOI Growth

## Revenue

(\$'s in Millions)



## NPOI<sup>(1)</sup>



<sup>(1)</sup> See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

# Continued EPS Expansion

EPS: Excluding Pension and Special Items <sup>(1)</sup>



<sup>(1)</sup> See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

# Creating Shareholder Value



# Strong Balance Sheet

(\$ in Millions)

9/30/10

Cash balance \$ 360

Debt balance \$ 10

Net cash position \$ 350

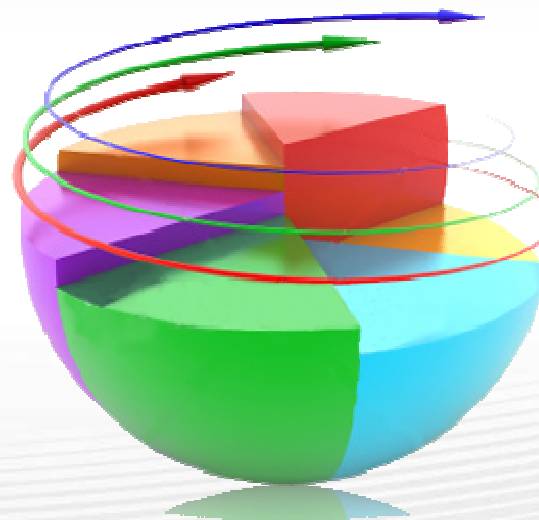
Free Cash Flow of \$100M+ in Q4, 2010

## ➤ Near-term Objectives

- Return on Invested Capital
- Financial Flexibility
- Working Capital Improvement
- Share Repurchases

## ➤ Long-term Objectives

- Substantial Free Cash Flow Generation





# Working Capital Metrics – AR and Inventory

	2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(e)
<b>Key Working Capital Metrics</b>												
Accounts Receivable	\$1,048	\$991	\$943	\$913	\$855	\$856	\$844	\$896	\$884	\$879	\$957	\$911
DSO (External)	80	67	62	58	76	69	67	60	77	67	71	
Inventory Balance	\$752	\$735	\$711	\$692	\$697	\$691	\$708	\$686	\$720	\$729	\$815	\$760
Inventory Turns (Rolling 4 Qtr Average)	5.4	5.6	5.8	5.7	5.7	5.6	5.3	5.4	5.3	5.3	5.2	

(\$'s in Millions)

# NCR Pension Strategy

- NCR's legacy pension assets and liabilities are large relative to current market capitalization.
- Reduce risk and volatility by re-allocating our domestic pension portfolio to fixed-income securities by year-end 2012.
- Target 60% fixed income by YE 2010, 80% by YE 2011 and 100% by YE 2012.
- Work with trustee boards of international pension plans to make similar changes where possible.
- Fund the pension plan according to regulatory requirements (i.e., do not pre-fund).
- Recently passed U.S. funding relief legislation provides significant additional flexibility in the next few years.

# NCR Pension Update

## Pension Metrics & Funded Status

( \$'s in Millions)

	<u>Asset Return</u>	<u>Discount rate</u>	<u>Funded Status</u>
	<u>12/31/09</u>	<u>12/31/09</u>	<u>12/31/09</u>
US Plans	28%	5.75%	(\$822)
International Plans	<u>13%</u>	<u>4.9%</u>	<u>(226)</u>
Global	22%	5.4%	(\$1,048)

- The (\$226m) net funded status of international plans comprised of underfunded plans of (\$470m), and overfunded plans of \$244m
- The overfunded plans are a result of local funding methodologies that use more conservative actuarial assumptions than GAAP

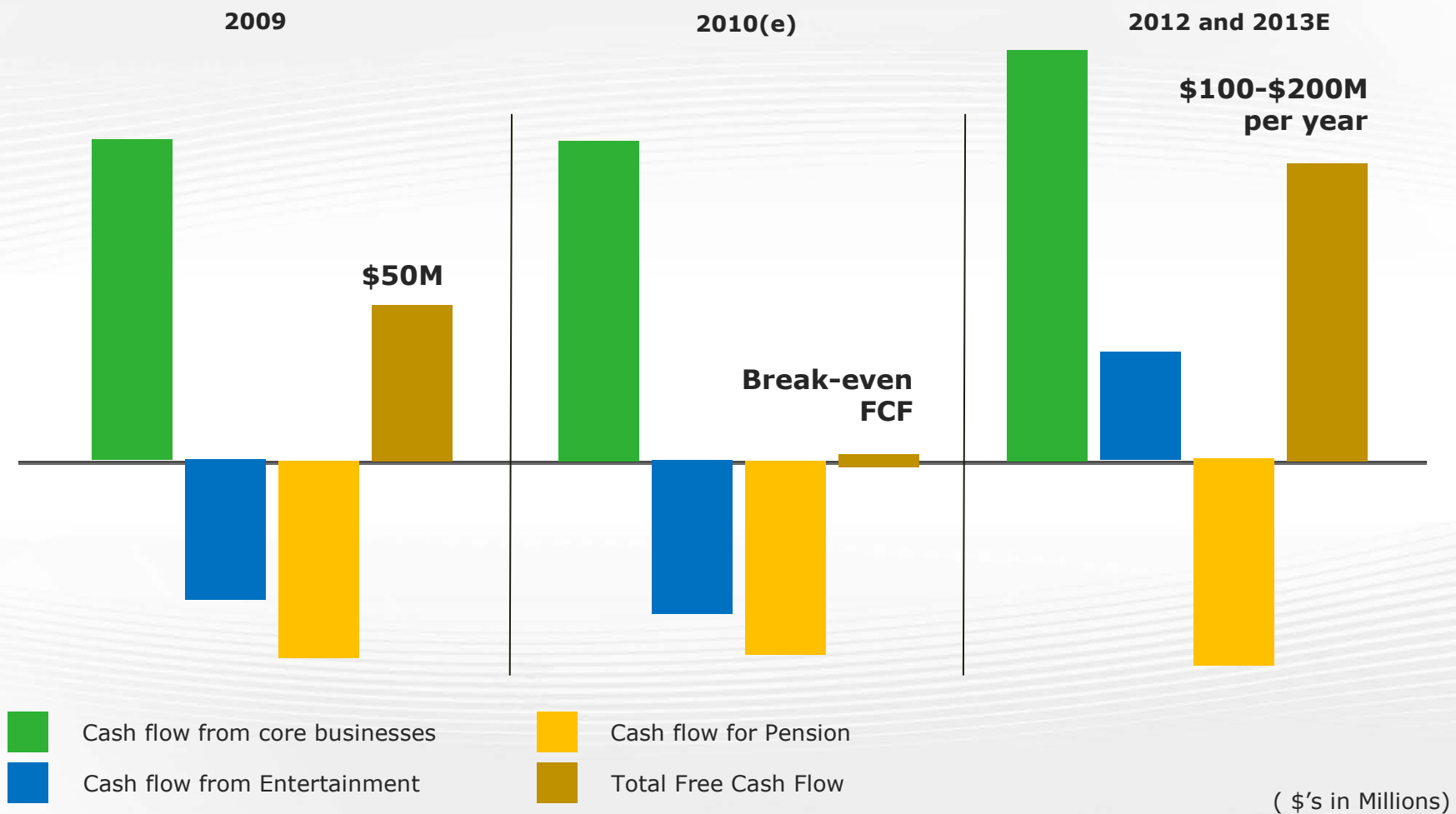
## Cash Funding for Pension Plans

( \$'s in Millions)

	<u>2008</u>	<u>2009</u>	<u>2010E</u>	<u>2011E</u>	<u>2012E</u>	<u>2013E</u>
US Qualified Plan	\$0	\$0	\$0	\$0	\$75	\$110
US Non-qualified Plan	9	9	10	10	10	10
International Plans	<u>74</u>	<u>74</u>	<u>100</u>	<u>115</u>	<u>115</u>	<u>115</u>
Total	\$83	\$83	\$110	\$125	\$200	\$235

- The estimated funding requirement for the US qualified plan includes the impact of the new funding relief legislation
- The funding of international plans is expected to decline significantly after 2013 reaching an annual amount of \$10-\$20 million (excluding the funding of future service cost) by 2015 as some of the underfunded plans reach fully funded status
- Due to pension plan closures, service cost is expected to decline to a level of about \$10m per year
- All future funding estimates are approximations based on expected asset returns, discount rates and local requirements

# Free Cash Flow Generation<sup>(1)</sup>



<sup>(1)</sup> See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

# NCR Value Equation<sup>(1)</sup>

## Core Business \*

- **Strong NPOI, EBITDAP<sup>(2)</sup> and Operational EPS growing by 12-15% CAGR to 2013**
- 
- **NPOI of \$358M-\$368M in 2010**
- 
- **EBITDAP of \$483M-\$493M in 2010**
- 
- **Operational EPS of \$1.57 to \$1.65 in 2010**
- 
- **FCF of approx. \$200M in 2010**

\* Excludes Entertainment and Pension

## Entertainment

- **Bulk of investing complete by 2010 y/e – \$85M investment, \$33M NPOI loss and approx. negative \$0.15 Operational EPS in 2010**
- 
- **Targeting \$25M-\$35M of EBITDA in 2011 growing to approx. \$100M by 2013**
- 
- **FCF growing from (\$90M) in 2010 to \$40-50M by 2013**
- 
- **Potential EBITDA multiple of 10X or \$250 - \$350M valuation benefit**

## Pension + Other B/S Items

- **Less after tax underfunded position of ~\$750M at 12/31/09**
- 
- **Less after tax present value of future service cost (not included in liability above) of ~\$90M at 12/31/09**
- 
- **Less after tax present value of post retirement obligation of ~\$80M at 12/31/09**
- 
- **Plus net cash of ~\$436M at 12/31/09**

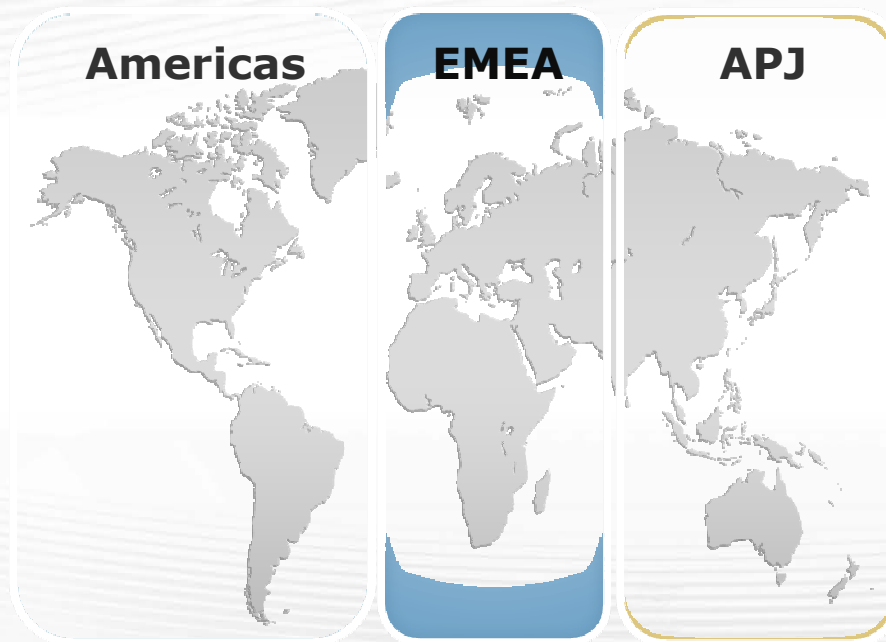
<sup>(1)</sup> See reconciliation of GAAP to non-GAAP measures in the non-GAAP supplementary materials and/or on the investor relations page of NCR's website.

<sup>(2)</sup> EBITDAP is calculated as GAAP income (loss) from operations plus pension expense, plus depreciation/amortization and plus/minus special items.



# Reporting Structure Changes for 2011

## Current Reporting Structure



## 2011 Reporting Structure \*

## Est. 2010 Revenue '10 - '13 CAGR

## 2010 Est. OI% \*\*

Financial	~\$2.6B CAGR ~3-5%	~18%
Retail & Hospitality	~\$1.7B CAGR ~3-5%	~12%
Entertainment	~\$0.1B CAGR ~65%	-37%
Other Emerging Industries	~\$0.4B CAGR ~15%	~25%

\* Each Industry includes NCR Services

\*\* Estimated OI % of revenue is controllable operating income and excludes pension expense, non-operational items and corporate allocations of approx \$425M per year.

# Key Takeaways

- Very good year in 2010 - return to growth and significant profitability improvement.
- Solid revenue growth expected over next three years, especially in emerging markets.
- Cost reduction initiatives provide additional support to NPOI growth outlook.
- Free Cash Flow generation will improve as Entertainment business turns into a positive contributor and core businesses drive additional cash flow.
- Execute on pension strategy and continue to manage the balance sheet for flexibility and liquidity, continued focus on working capital.
- Cash generated to be used for organic growth, M&A opportunities and share repurchases.
- New line of business reporting will provide additional insight into our businesses.

# Questions





**Bob Fishman**  
Chief Financial Officer



## Supplementary Non-GAAP Materials

Analyst Day  
November 16, 2010  
New York Stock Exchange



# Non-GAAP Measures

- While NCR reports its results in accordance with generally accepted accounting principles in the United States, or GAAP, in an effort to provide additional useful information regarding NCR's financial results, certain materials presented during this event will include the non-GAAP information discussed below. This non-GAAP information should not be considered as a substitute for, or superior to, results determined in accordance with GAAP.
- Due to the significant change in its pension expense from year to year and the non-operational nature of pension expense, NCR uses non-GAAP measures, such as Non-Pension Operating Income (NPOI), to evaluate year-over-year operating performance. Also, certain special items may be segregated from NCR's GAAP results from time-to-time to reflect the on-going Earnings Per Share (Operational EPS) performance of the company. NCR also uses these non-GAAP measures to manage and determine the effectiveness of its business management and as a basis for incentive compensation. NCR determines NPOI for a given period based on its GAAP income (loss) from operations excluding pension expense and special items.
- Free Cash Flow (FCF) does not have a uniform definition under GAAP and therefore, NCR's definition may differ from other companies' definitions of this measure. NCR defines Free Cash Flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations related to the Fox River environmental matter less capital expenditures for property, plant and equipment, and additions to capitalized software. 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, investments 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 non-discretionary expenditures that are not deducted from the measure.
- NCR utilizes EBITDAP (Earnings before Interest, Taxes, Depreciation, Amortization, Pension Expense and Special Items), for its Core Business (which excludes Entertainment), given the significance of its pension expense. NCR believes EBITDAP 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 EBITDAP for a given period based on its GAAP income (loss) from operations plus pension expense plus depreciation/amortization plus/minus special items.
- The reconciliations of non-GAAP measures to comparable GAAP measures and other related information on the following slides are also available on the Investor Relations page of NCR's website at [www.ncr.com](http://www.ncr.com).



# Income (Loss) from Operations (GAAP) to Non-Pension Operating Income (non-GAAP)

	2007	2008	2009	2010E	2010E Core	2010E Entertainment
<b>Income from Continuing Operations (GAAP)</b>	<b>219</b>	<b>322</b>	<b>97</b>	<b>92-102</b>	<b>125-135</b>	<b>(33)</b>
Pension expense	38	25	159	215	215	-
Impairment of assets related to an Equity Investment	-	-	22	-	-	-
Global headquarters relocation	-	-	6	18	18	-
Organizational realignment charges	76	69	-	-	-	-
Gain on sale of manufacturing facility in Canada	-	(16)	-	-	-	-
TD Spin	16	-	-	-	-	-
<b>Non-Pension Operating Income (non-GAAP)</b>	<b>349</b>	<b>400</b>	<b>284</b>	<b>325-335</b>	<b>358-368</b>	<b>(33)</b>

## Diluted Earnings (Loss) Per Share from Continuing Operations (GAAP) to Diluted Earnings Per Share from Continuing Operations (non-GAAP)

	2007	2008	2009	2010E	2010E Core	2010E Entertainment
<b>Diluted Earnings Per Share from Continuing Operations (GAAP)</b>	<b>0.99</b>	<b>1.49</b>	<b>0.36</b>	<b>0.65-0.73</b>	<b>0.80-0.88</b>	<b>(0.15)</b>
Pension expense	(0.22)	(0.23)	(0.68)	(0.94)	(0.94)	-
Impairment of assets related to an Equity Investment	-	-	(0.19)	-	-	-
Global Headquarters relocation	-	-	(0.02)	(0.07)	(0.07)	-
Japanese subsidiary valuation reserve	-	-	-	0.24	0.24	-
Litigation charge	-	-	(0.02)	-	-	-
Organizational realignment charges	(0.31)	(0.32)	-	-	-	-
Gain on sale of manufacturing facility in Canada	-	0.08	-	-	-	-
Tax Adjustment	(0.05)	-	-	-	-	-
TD Spin	(0.07)	-	-	-	-	-
<b>Diluted Earning Per Share from Continuing Operations (non-GAAP)</b>	<b>1.64</b>	<b>1.96</b>	<b>1.27</b>	<b>1.42-1.50</b>	<b>1.57-1.65</b>	<b>(0.15)</b>

# Cash Provided by (Used in) Operating Activities (GAAP) to Free Cash Flow (non-GAAP)

	2009	2010E	2010E Core*	2010E Entertainment
<b>Cash provided by (used in) Operating Activities (GAAP)</b>	<b>252</b>	<b>205</b>	<b>220</b>	<b>(15)</b>
Cash provided by (used in) Discontinued Operations	(29)	10	10	-
Net capital expenditures	(173)	(215)	(140)	(75)
<b>Free Cash Flow (non-GAAP)</b>	<b>50</b>	<b>-</b>	<b>90</b>	<b>(90)</b>

\* Includes \$110 million of cash funding for pension plans.

## Gross Margin as a % of Revenue (GAAP) to Gross Margin as a % of Revenue Excluding Special Items.

### Income (Loss) from Operations (GAAP) to Earnings Before Interest, Taxes, Depreciation, Amortization, Pension Expense and Special Items (EBITDAP) (Non-GAAP)

#### Gross Margin as a % of Revenue (GAAP) to Gross Margin as a % of Revenue Excluding Special Items

2008

2009

Q3 YTD 2010

#### Gross Margin as a % of Revenue (GAAP)

22.3%

19.1%

19.9%

Pension expense

0.2%

2.0%

2.5%

Organizational realignment

0.6%

0.0%

0.0%

Impairment of assets related to Equity Investment

0.0%

0.5%

0.0%

#### Gross Margin as a % of Revenue Excluding Special Items

23.1%

21.6%

22.4%

#### Income (Loss) from Operations (GAAP) to Earnings Before Interest, Taxes, Depreciation, Amortization, Pension Expense and Special Items (EBITDAP) (non-GAAP)

2010E Core Business

#### Income from Continuing Operations (GAAP)

125-135

Pension Expense

215

Depreciation & Amortization

125

Global headquarters relocation

18

#### EBITDAP

483-493