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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2010

Commission File Number 001-00395

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**NCR CORPORATION**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

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

**3097 Satellite Boulevard**  
**Duluth, GA 30096**  
(Address of principal executive offices) (Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

As of April 16, 2010, there were approximately 160.3 million shares of common stock issued and outstanding.

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In millions, except per share amounts	Three months ended	
	March 31	
	2010	2009
Product revenue	\$ 468	\$ 458
Service revenue	561	550
<b>Total revenue</b>	<b>1,029</b>	<b>1,008</b>
Cost of products	383	370
Cost of services	455	454
Selling, general and administrative expenses	170	159
Research and development expenses	39	35
<b>Total operating expenses</b>	<b>1,047</b>	<b>1,018</b>
<b>Loss from operations</b>	<b>(18)</b>	<b>(10)</b>
Interest expense	1	5
Other income, net	(1)	—
Loss before income taxes	(18)	(15)
Income tax benefit	(1)	(1)
<b>Net loss</b>	<b>(17)</b>	<b>(14)</b>
Net income attributable to noncontrolling interest	2	1
<b>Net loss attributable to NCR</b>	<b>\$ (19)</b>	<b>\$ (15)</b>
<b>Net loss per share attributable to NCR common stockholders:</b>		
Basic	\$ (0.12)	\$ (0.09)
Diluted	\$ (0.12)	\$ (0.09)
<b>Weighted average common shares outstanding</b>		
Basic	159.9	158.3
Diluted	159.9	158.3

See Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)**NCR Corporation**  
**Condensed Consolidated Balance Sheets (Unaudited)**

In millions, except per share amounts	March 31 2010	December 31 2009
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 408	\$ 451
Accounts receivable, net	884	896
Inventories, net	720	686
Other current assets	287	266
Total current assets	<u>2,299</u>	<u>2,299</u>
Property, plant and equipment, net	374	356
Goodwill	99	100
Prepaid pension cost	245	244
Deferred income taxes	616	617
Other assets	471	478
<b>Total assets</b>	<b><u>\$ 4,104</u></b>	<b><u>\$ 4,094</u></b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Short-term borrowings	\$ —	\$ 4
Accounts payable	520	557
Payroll and benefits liabilities	132	125
Deferred service revenue and customer deposits	375	329
Other current liabilities	371	367
Total current liabilities	<u>1,398</u>	<u>1,382</u>
Long-term debt	11	11
Pension and indemnity plan liabilities	1,246	1,268
Postretirement and postemployment benefits liabilities	353	355
Income tax accruals	166	165
Environmental liabilities	274	279
Other liabilities	35	42
<b>Total liabilities</b>	<b><u>3,483</u></b>	<b><u>3,502</u></b>
<b>Commitments and contingencies (Note 7)</b>		
<b>Stockholders' equity</b>		
NCR stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of March 31, 2010 and December 31, 2009	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 160.3 and 159.6 shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	2	2
Paid-in capital	272	270
Retained earnings	1,782	1,801
Accumulated other comprehensive loss	(1,465)	(1,509)
<b>Total NCR stockholders' equity</b>	<b>591</b>	<b>564</b>
Noncontrolling interests in subsidiaries	30	28
<b>Total stockholders' equity</b>	<b><u>621</u></b>	<b><u>592</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 4,104</u></b>	<b><u>\$ 4,094</u></b>

See Notes to Condensed Consolidated Financial Statements.

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**Condensed Consolidated Statements of Cash Flows (Unaudited)**

In millions	Three months ended	
	March 31	
	2010	2009
<b>Operating activities</b>		
Net loss	\$ (17)	\$ (14)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	32	29
Stock-based compensation expense	2	4
Deferred income taxes	10	—
Changes in operating assets and liabilities:		
Receivables	12	58
Inventories	(34)	(5)
Current payables and accrued expenses	(36)	(117)
Deferred service revenue and customer deposits	47	68
Employee severance and pension	37	18
Environmental liabilities	(8)	(6)
Other assets and liabilities	(31)	3
<b>Net cash provided by operating activities</b>	<b>14</b>	<b>38</b>
<b>Investing activities</b>		
Grant reimbursements from capital expenditures	1	—
Expenditures for property, plant and equipment	(39)	(10)
Additions to capitalized software	(13)	(15)
<b>Net cash used in investing activities</b>	<b>(51)</b>	<b>(25)</b>
<b>Financing activities</b>		
Repurchases of Company common stock	—	(1)
Proceeds (repayments) of short-term borrowings	(4)	—
Proceeds from employee stock plans	2	2
<b>Net cash (used in) provided by financing activities</b>	<b>(2)</b>	<b>1</b>
Effect of exchange rate changes on cash and cash equivalents	(4)	(8)
(Decrease) increase in cash and cash equivalents	(43)	6
Cash and cash equivalents at beginning of period	451	711
<b>Cash and cash equivalents at end of period</b>	<b>\$ 408</b>	<b>\$ 717</b>

See Notes to Condensed Consolidated Financial Statements.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**1. BASIS OF PRESENTATION**

The accompanying Condensed Consolidated Financial Statements have been prepared by NCR Corporation (NCR, the Company, we or us) without audit pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments (consisting of normal, recurring adjustments) necessary for a fair statement of the consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for the interim periods are not necessarily indicative of results to be expected for the full year. The year-end Condensed Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States (GAAP). These financial statements should be read in conjunction with NCR's Form 10-K for the year ended December 31, 2009.

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

**Evaluation of Subsequent Events** The Company evaluated subsequent events through the date our Condensed Consolidated Financial Statements were issued. No matters were identified that would materially impact our Condensed Consolidated Financial Statements or require disclosure.

**Out of Period Adjustment** In the first quarter of 2009, the Company recorded an adjustment to decrease product revenue by \$12 million and cost of products by \$10 million, which resulted in a net decrease in gross margin and net income of \$2 million. The adjustment was related to revenue incorrectly recorded during 2008 by the Company's Japanese subsidiary. The Company determined the impact of this error was not material to the annual or interim financial statements of previous periods and the effect of correcting this error in the first quarter of 2009 was not material to the 2009 annual or interim financial statements.

**2. SUPPLEMENTAL FINANCIAL INFORMATION**

The following table provides a reconciliation of total stockholders' equity, stockholders' equity attributable to NCR, and the noncontrolling interests for the three months ended March 31, 2010 and March 31, 2009:

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**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

In millions	Total Stockholders' Equity	Total Stockholders' Equity Attributable to NCR	Noncontrolling Interests in Subsidiaries
December 31, 2008	\$ 465	\$ 440	\$ 25
Net (loss) income	(14)	(15)	1
Other comprehensive (loss) income, net of tax:			
Currency translation adjustments	(36)	(35)	(1)
Benefit plans	26	26	—
Unrealized gain on derivatives	4	4	—
Comprehensive loss	(20)	(20)	—
Net share issuance and repurchase activity	4	4	—
March 31, 2009	<u>\$ 449</u>	<u>\$ 424</u>	<u>\$ 25</u>
December 31, 2009	\$ 592	\$ 564	\$ 28
Net (loss) income	(17)	(19)	2
Other comprehensive (loss) income, net of tax:			
Currency translation adjustments	3	3	—
Benefit plans	40	40	—
Unrealized gain on derivatives	1	1	—
Comprehensive income	27	25	2
Net share issuance and repurchase activity	2	2	—
March 31, 2010	<u>\$ 621</u>	<u>\$ 591</u>	<u>\$ 30</u>

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

In millions	March 31 2010	December 31 2009
Unrealized gain on securities	\$ 3	\$ 3
Unrealized gain on derivatives accounted for as hedges	1	—
Unamortized costs associated with pension, postemployment and postretirement benefits	(1,388)	(1,428)
Currency translation adjustments	(81)	(84)
Accumulated other comprehensive loss	<u>\$ (1,465)</u>	<u>\$ (1,509)</u>

The components of inventory are summarized as follows:

In millions	March 31 2010	December 31 2009
<b>Inventories, net</b>		
Work in process and raw materials	\$ 130	\$ 118
Finished goods	180	167
Service parts	410	401
<b>Total inventories, net</b>	<u>\$ 720</u>	<u>\$ 686</u>

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**3. NEW ACCOUNTING PRONOUNCEMENTS**

In September 2009, the FASB ratified the final consensus reached by the Emerging Issues Task Force (EITF) that revised the authoritative guidance for revenue arrangements with multiple deliverables. The guidance addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be allocated among the separate units of accounting. The guidance will be effective for fiscal years beginning after June 15, 2010 with early adoption permitted. The guidance may be applied retrospectively or prospectively for new or materially modified arrangements; however, NCR plans to adopt the guidance effective January 1, 2011. Under the consensus adopted by the EITF, use of the residual method, which the Company applies to many of its customer arrangements, will no longer be permitted. The new guidance will require the Company to use its best estimate of a deliverable's selling price whenever it lacks objective evidence. The result of this change is that any discount in a customer arrangement which previously would have been allocated to delivered items, will instead be allocated on a relative fair value basis among all the deliverables. The Company is in the process of evaluating the effects, if any, the adoption of the guidance will have on its consolidated financial statements.

In September 2009, the FASB also ratified the final consensus reached by the EITF that modifies the scope of the software revenue recognition guidance to exclude (a) non-software components of tangible products and (b) software components of tangible products that are sold, licensed or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product's essential functionality. The guidance will be effective for fiscal years beginning after June 15, 2010 with early adoption permitted. The guidance may be applied retrospectively or prospectively for new or materially modified arrangements but must be adopted contemporaneously with guidance described in the preceding paragraph. The Company is in the process of evaluating the effects, if any, the adoption of the guidance will have on its consolidated financial statements.

**4. REALIGNMENT ACTIVITIES AND REAL ESTATE TRANSACTIONS**

**Organizational Realignment** On January 1, 2008, NCR began management of its business on a geographic basis, changing from a previous model of global business units organized by product and service offering. As a result, in the second quarter of 2008, NCR commenced a global realignment initiative to reduce redundancies and process inefficiencies to become more customer-focused and market-driven. This initiative addressed legacy process inefficiencies and unbalanced resource allocation by focusing on organizational design, process re-engineering and business process outsourcing. The initiative has resulted in reductions in employment and productivity improvements, while freeing up funds to invest in growth programs.

The realignment activities included approximately 900 employee terminations and relate to each of our reportable segments of the Americas, EMEA and APJ.

As of March 31, 2010 and December 31, 2009, there was a remaining accrued liability balance of \$1 million. There were no severance payments during the first quarter of 2010. This liability is recorded in the Condensed Consolidated Balance Sheet in other current liabilities as the Company expects that payment of the remaining obligation will occur in 2010.

The actions have generated incremental, annualized savings of approximately \$40 million. The Company continues to identify additional opportunities focusing on organizational design, process re-engineering and business process outsourcing as part of the continuous improvement process initiatives.

**Real estate consolidation and restructuring** During the fourth quarter of 2002, in connection with announced restructuring efforts, NCR's management approved a real estate consolidation and restructuring plan designed to accelerate the Company's re-engineering strategies. A pre-tax restructuring cost of \$16 million was recorded in the fourth quarter of 2002 to provide for contractual lease termination costs. The remaining lease obligations will expire over various dates through 2015. The Company reviews this reserve on a quarterly basis to determine whether the reserve is adequate based on current market conditions. During the first quarter of 2010, the reserve decreased by \$1 million primarily due to ongoing lease payments resulting in a remaining reserve balance of \$2 million as of March 31, 2010.



**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)****5. STOCK COMPENSATION PLANS**

As of March 31, 2010, the Company's primary types of share-based compensation were stock options and restricted stock. Stock-based compensation expense for the following periods was:

In millions	Three months ended	
	March 31	
	2010	2009
Stock options	\$ —	\$ 4
Restricted stock	2	—
Total stock-based compensation (pre-tax)	2	4
Tax benefit	(1)	(1)
Total stock-based compensation (net of tax)	\$ 1	\$ 3

Stock-based compensation expense is recognized in the financial statements based upon fair value. Stock-based compensation expense was lower in the three months ended March 31, 2010 as compared to the three months ended March 31, 2009, due to changes in the quantity and value of awards granted in the past two years and an increased estimated forfeiture rate for stock options.

The weighted average fair value of option grants was estimated based on the below weighted average assumptions and was \$5.44 for the three months ended March 31, 2010 and \$4.78 for the three months ended March 31, 2009.

	Three months ended	
	March 31	
	2010	2009
Dividend yield	—	—
Risk-free interest rate	2.34%	1.70%
Expected volatility	47.6%	41.0%
Expected holding period (years)	4.8	5.0

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

As of March 31, 2010, the total unrecognized compensation cost of \$17 million related to unvested stock option grants is expected to be recognized over a weighted average period of approximately 2.7 years. As of March 31, 2010, the total unrecognized compensation cost of \$33 million related to unvested restricted stock grants is expected to be recognized over a weighted average period of approximately 2.7 years.

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**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**6. EMPLOYEE BENEFIT PLANS**

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

In millions	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
	2010	2009	2010	2009	2010	2009
Net service cost	\$ —	\$ —	\$ 4	\$ 5	\$ 4	\$ 5
Interest cost	47	49	23	20	70	69
Expected return on plan assets	(41)	(45)	(29)	(25)	(70)	(70)
Settlement charge	—	—	6	—	6	—
Amortization of:						
Prior service cost	—	—	—	—	—	—
Actuarial loss	30	25	16	9	46	34
Net benefit cost	<u>\$ 36</u>	<u>\$ 29</u>	<u>\$ 20</u>	<u>\$ 9</u>	<u>\$ 56</u>	<u>\$ 38</u>

The net periodic benefit income of the postretirement plan for the three months ended March 31 was:

In millions	Three months ended March 31	
	2010	2009
Interest cost	\$ 1	\$ 1
Amortization of:		
Prior service benefit	(3)	(3)
Actuarial loss	1	1
Net postretirement income	<u>\$ (1)</u>	<u>\$ (1)</u>

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

In millions	Three months ended March 31	
	2010	2009
Net service cost	\$ 6	\$ 6
Interest cost	3	3
Amortization of:		
Actuarial loss	3	3
Net benefit cost	12	12
Restructuring severance cost	—	(1)
Total postemployment cost	<u>\$ 12</u>	<u>\$ 11</u>

**Employer Contributions**

**Pension** For the three months ended March 31, 2010, NCR contributed approximately \$15 million to its international pension plans and \$2 million to its executive pension plan. NCR anticipates contributing an additional \$85 million to its international pension plans for a total of \$100 million and \$8 million to its executive pension plan for a total of \$10 million in 2010. NCR does not anticipate making cash contributions to its U.S. qualified pension plan in 2010.

**Postretirement** For the three months ended March 31, 2010, the Company made \$2 million in contributions to its U.S. postretirement plan. NCR anticipates contributing an additional \$13 million to its U.S. postretirement plan for a total of \$15 million in 2010.

**Postemployment** For the three months ended March 31, 2010, NCR contributed approximately \$11 million to its postemployment plans. NCR anticipates contributing an additional \$36 million to its postemployment plans in 2010 for a total of \$47 million.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**7. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, NCR is subject to various regulations, proceedings, lawsuits, claims and other matters, including actions under laws and regulations related to the environment and health and safety, among others. NCR believes the amounts provided in its Condensed Consolidated Financial Statements, as prescribed by GAAP, are adequate in light of the probable and estimable liabilities. The Company does not currently expect to incur material capital expenditures related to compliance with such laws and regulations. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various lawsuits, claims, legal proceedings and other matters, including the Fox River environmental matter and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in NCR's Condensed Consolidated Financial Statements or will not have a material adverse effect on its consolidated results of operations, capital expenditures, competitive position, financial condition or cash flows. Any costs that may be incurred in excess of those amounts provided as of March 31, 2010 cannot currently be reasonably determined.

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

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

In August 2009, a federal court in Ohio granted motions for summary judgment against NCR in two companion class actions brought on behalf of certain unionized retirees, who claimed that the Company's 2003 decision to terminate certain benefits payable on death violated collective bargaining agreements and other rights. The Company has appealed the decision to the Sixth Circuit Court of Appeals. If affirmed on appeal, the decision will require the Company to restore the death benefit, at an approximate cost of \$6 million, which NCR recognized as other expense during the third quarter of 2009.

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

NCR is one of eight entities that have been formally notified by governmental and other entities (such as local Native American tribes) that they are PRPs for environmental claims under CERCLA and other statutes arising out of the presence of polychlorinated biphenyls (PCBs) in sediments in the lower Fox River and in the Bay of Green Bay in Wisconsin. NCR was identified as a PRP because of alleged PCB discharges from two carbonless copy paper manufacturing facilities it previously owned, which were located along the Fox River. Some parties contend that NCR is also responsible for PCB discharges from paper mills owned by other companies because carbonless paper manufactured by NCR was allegedly purchased by those mills as a raw material for their paper making processes. NCR sold the facilities in 1978 to Appleton Papers Inc. (API), which has also been identified as a PRP. The other Fox River PRPs that received notices are P.H. Glatfelter Company, Georgia-Pacific Consumer Products LP (GP, successor to Fort James Operating Company), WTM I Co. (formerly Wisconsin Tissue Mills, now owned by Chesapeake Corporation), CBC Corporation (formerly Riverside Paper Corporation), U.S. Paper Mills Corp. (owned by Sonoco Products Company), and Menasha Corporation.

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

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

Mills, performed specific remedial action involving an area of elevated PCB incidence downriver of the De Pere Dam (Phase 1 work), pursuant to a consent decree with the Governments that was approved in November 2006.

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

In April 2009, the NCR Board of Directors approved the terms of a contract with Tetra Tech, an environmental remediation contractor, to perform the remediation work at the Fox River consistent with the requirements of the Amended ROD. Prior to this, Tetra Tech had performed certain preparatory work pursuant to an interim contract with API. Also in April 2009, the Board of Directors approved the formation of a limited liability company (LLC), which NCR and API formed on April 27, 2009, for purposes of, among other things, entering into the Tetra Tech remediation contract. Other PRPs may join the LLC in the future, if and as they enter into settlements or otherwise agree to join in funding the remediation efforts. The LLC entered into the remediation contract with Tetra Tech on April 27, 2009, and in-water dredging and remediation by Tetra Tech commenced thereafter. The Company and API fund the LLC's operations on a regular basis tied to the remediation schedule, consistent with the Company's Fox River reserve, discussed below. The Tetra Tech contract also requires that the LLC members provide promissory notes to provide Tetra Tech financial assurance against the prospect that the LLC will terminate the contract before completion of the remediation for reasons other than "cause," an event the likelihood of which the Company currently considers remote. The maximum obligation under the Company's note, formerly \$20 million, is now approximately \$17 million; however, the amount will vary based on a formula tied to conditions set forth in the contract, and generally is expected to decrease over time.

NCR and API share their portion of the cost of the Fox River clean-up and natural resource damages based upon an agreement and an arbitration award, which result in a 45% share for NCR of the first \$75 million of such costs—a threshold that was reached in the second quarter of 2008—and a 40% share for amounts in excess of \$75 million.

On January 7, 2008, NCR and API filed a lawsuit in federal court in Green Bay, Wisconsin, seeking a judicial ruling determining each PRP's allocable responsibility for the cost of performing the remedial work at the Fox River (the "allocation litigation"). As of March 31, 2010, there were a total of 28 defendants in that case and a companion consolidated case. A number of counterclaims seeking contribution under CERCLA and under various state law theories have been filed and are pending against NCR and API. On September 23, 2008, the court issued a Case Management Decision and Scheduling Order setting a "Phase I trial" limited to the questions of (i) when each party knew or should have known that recycling NCR-brand carbonless copy paper would result in the discharge of PCBs to a waterbody, thereby risking environmental damage; and (ii) what, if any, actions each party took upon acquiring such knowledge to avoid the risk of further PCB contamination. The court's order also limited initial discovery proceedings to the same questions.

On December 16, 2009, the court issued a ruling cancelling the Phase I trial and granting motions for summary judgment filed by certain of the defendants against NCR and API. The court held that NCR and API could not recover from these defendants any costs that NCR and API have incurred in the Fox River cleanup (the ruling does not affect the governments' potential claims against such parties). The court based this ruling on a finding that NCR should have known, in the late 1960s, that the use of PCBs in carbonless copy paper presented an "appreciable risk of serious and long-lasting damage," whereas, it concluded, defendants did not know of PCB risks until after the majority of PCBs were released to the river. The court's ruling was also based on a finding that because NCR chose to use and introduce PCBs into the stream of commerce, it should bear the financial consequences of that decision. The Company intends to appeal the ruling to the United States Court of Appeals for the Seventh Circuit. In light of a subsequent February 2010 order by the district court denying a request to initiate an immediate appeal, the Company does not expect to be able to prosecute its appeal until the remaining claims in the litigation, including counterclaims brought by the defendants against NCR and API for reimbursement of previously incurred expenses and other matters, are resolved. The Company expects to be able to commence its appeal in 2010 or 2011, depending on whether the counterclaims in the case proceed to trial.

The extent of NCR's potential liability remains subject to many uncertainties. NCR's eventual remediation liability—which is expected to be paid out over a period extending through at least approximately 2019, followed by long-term monitoring for several decades—will depend on a number of factors. In general, the most significant factors include: (1) the total clean-up costs for each of the segments of the river; (2) the total natural resource damages for the site; (3) the shares NCR and API will jointly bear of future clean-up costs and natural resource damages as former and current owners of paper manufacturing facilities located along the Fox River; (4) the share NCR will bear of the joint NCR/API payments for such clean-up costs and natural resource damages; and (5) NCR's transaction and litigation costs to defend itself in this matter, including participation in the allocation litigation. In establishing the reserve, NCR attempts to estimate a range of reasonably possible outcomes for each of these factors, although each

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range is itself highly uncertain. NCR uses its best estimate within the range, if that is possible. Where there is a range of equally possible outcomes, and there is no amount within that range that is considered to be a better estimate than any other amount, NCR uses the low end of the range. These factors are discussed below:

For the first factor described above, NCR utilizes a best estimate of \$933 million as the total of the clean-up costs for each of the segments of the river. The estimated total cost amount of \$933 million includes estimates for the Operable Unit (OU) 1 through OU 5 work, including the remaining amount of work to be performed under the April 2009 Tetra Tech remediation contract, the Phase 1 work and the remedial design work. It adds to these estimates a 15% contingency for probable cost overruns based on historical experience; an estimate for the Governments' future oversight costs; an amount for the Governments' past oversight costs; an estimate for long-term monitoring extending over several decades; and an estimate for value engineering savings (potential projects intended to reduce the cost of the remediation). There can be no assurances that this estimated total cost amount will not be significantly higher as remediation work progresses. A range of reasonably possible outcomes with respect to total cost is difficult to state, but if the portion of the cost estimate relating to the contingency for cost overruns and unexpected expenses were twice our estimate, the total cost would increase to approximately \$998 million.

Second, for total natural resource damages (NRD), NCR uses a best estimate of \$76 million. NCR believes the range of reasonably possible outcomes for NRD, if it were to be litigated, is between zero and \$246 million. The federal government has indicated, in a 2009 filing in a PRP's bankruptcy proceeding, that claims for NRD could be as high as \$382 million.

Third, for the NCR/API shares of future clean-up costs, which are expected to be determined in the allocation litigation referenced above, NCR has modified the basis previously used for this component of the reserve (in the past, the company used the low end of a range of outcomes, based primarily on the proximity of areas to be remediated to the locations at which PCBs were released into the river). In light of the Wisconsin federal court's December 16, 2009 ruling described above, NCR's reserve at December 31, 2009 and March 31, 2010 assumed that NCR and API will be responsible for the full extent of the cleanup activities they are undertaking, which the Company considers a best estimate, and for a substantial portion of the counterclaims filed against NCR and API, as to which the Company uses the low end of a range of equally possible outcomes. At this point the Company is unable to determine whether the defendants will pay portions of the Fox River liability, and if so in what amount; the Governments have indicated their intention to continue pressing claims and settlement demands against the defendants, but NCR's reserve does not assume any such payments or settlements.

Similarly, although NCR and API will appeal the December 2009 ruling, the reserve does not assume a particular outcome for the appeal. As for the NCR/API share of NRD, which is discussed above, NCR uses a best estimate.

Fourth, for the NCR share of the joint NCR/API payments, as discussed above, NCR's percentage share is set by an agreement between NCR and API and a subsequent arbitration award. NCR's analysis of this factor assumes that API is able to pay its percentage share of the NCR/API joint share. Additionally, the API obligation to NCR is shared on a joint and several basis by a third party, B.A.T. Industries p.l.c., which is a co-party to the same agreement and arbitration award, and this analysis likewise assumes that B.A.T. Industries p.l.c. would be financially viable and able to pay the joint and several obligation if API is unable to do so. API itself is indemnified by another company, Arjo Wiggins Appleton Ltd., which has funded and managed API's liability to date.

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

In light of several factors—among them, the remedial design work conducted by NCR and GP, settlement possibilities (including both group and individual settlements for some entities), the efforts to implement the Order for clean-up of the lower river, the pending allocation litigation and appeal referenced above, the extent to which the Governments may press claims against the defendants for NRD, past costs and remediation liability, change orders or cost overruns that may result from the ongoing remediation efforts, the continued viability and willingness to pay of NCR's various indemnitors and co-obligors, and the subsequent value engineering efforts designed to make the cleanup more efficient and less costly—calculation of the Company's Fox River reserve has become subject to added layers of complexities, and it is possible there could be additional changes to some elements of the reserve over upcoming periods, although we are unable to predict or estimate such changes at this time.

In addition, the current economic recession may have impacts on the Fox River clean-up, in particular with respect to the ability of PRPs to meet their obligations that may be placed upon them with respect to the cleanup or to remain as viable concerns; one of the original eight PRPs, WTM I Company, filed for bankruptcy on December 29, 2008, but the impact, if any, of that filing on that PRP's

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potential contributions to the clean-up cannot be determined at this time. Further, there can be no assurance that the clean-up and related expenditures will not have a material effect on NCR's capital expenditures, earnings, financial condition, cash flows, or competitive position.

As of March 31, 2010, the net reserve for the Fox River matter was approximately \$199 million, compared to \$202 million as of December 31, 2009. This decrease reflects payments of \$3 million for clean-up activities and legal fees during the first quarter of 2010. NCR regularly re-evaluates the assumptions used in determining the appropriate reserve for the Fox River matter as additional information becomes available and, when warranted, makes appropriate adjustments. NCR contributes to the LLC in order to fund remediation activities and generally, by contract, funds three months' worth of remediation activities in advance. As of March 31, 2010, approximately \$8 million remained from this funding and was recorded in other current assets in the Condensed Consolidated Balance Sheet. NCR's reserve for the Fox River matter is reduced as the LLC makes payments to Tetra Tech and other vendors with respect to remediation activities.

AT&T and Alcatel-Lucent are responsible severally (not jointly) for indemnifying NCR for certain portions of the amounts paid by NCR for the Fox River matter over a defined threshold. NCR's estimate of what AT&T and Alcatel-Lucent will pay under the indemnity is recorded as a long-term asset of approximately \$120 million as of March 31, 2010 and December 31, 2009, and is deducted in determining the net reserve discussed above. The asset balance can fluctuate not only with respect to total clean-up and other costs, but also with respect to insurance recoveries and certain tax impacts as measured by a contractual formula using prior-year effective tax rates. Such insurance recoveries and tax impacts are netted against the asset in proportions specified under the indemnity agreement (i.e., they typically decrease its amount). Insurance recoveries, whether by judgment or settlement, are the subjects of ongoing litigation and thus difficult to predict. NCR's insurance recoveries have the effect of reducing its receipts under the indemnity, and therefore insurance recoveries are not expected to materially reduce the Company's aggregate expenditures for the Fox River matter. The tax impact within the indemnity calculation is subject to substantial volatility regarding the Company's effective tax rate from year to year, rendering the future tax impacts highly uncertain. When actual payments, net of insurance recoveries and tax impacts, reach the indemnity threshold, the Company expects to commence collection of the related portions of the asset. In the absence of further insurance recoveries, the Company expects to achieve the threshold in 2010.

In connection with the Fox River matter, NCR has reached settlement agreements with certain of its principal insurance carriers in a combined total of approximately \$68 million over the past several years. Of the total amount collected to date, \$9 million is subject to competing claims by another party, and NCR and the other party have agreed that these funds will be used for Fox River costs and will be shared on an agreed-upon basis (subject to reallocation at a later date). NCR's agreed-upon share of the \$9 million is estimated to be \$4 million. The Company is engaged in litigation against several other insurance carriers in connection with the Fox River matter; that case is scheduled for trial in August 2010. A separate trial against one insurance carrier, limited to the duty to defend and thus reimbursement of the Company's defense costs with respect to the Fox River matter, is scheduled before a court-appointed special master in Wisconsin for May 3, 2010. The special master is expected to prepare a report and recommendation to the trial judge, who may accept, reject or modify the report.

It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. NCR records environmental provisions when it is probable that a liability has been incurred and the amount or range of the liability is reasonably estimable. Provisions for estimated losses from environmental restoration and remediation are, depending on the site, based primarily on internal and third-party environmental studies (except for the Fox River site, where the estimated costs and natural resource damages are estimated as described above), estimates as to the number and participation level of any other PRPs, the extent of the contamination, and the nature of required clean-up and restoration actions. Reserves are adjusted as further information develops or circumstances change. Management expects that the amounts reserved from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites. The amounts provided for environmental matters in NCR's Condensed Consolidated Financial Statements are the estimated gross undiscounted amounts of such liabilities, without deductions for insurance, third-party indemnity claims or recoveries from the other PRPs, except as qualified in the following sentences. Except for the sharing agreement with API described above with respect to the Fox River site, in those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectibility of such amounts is probable, the amounts are recorded in the Condensed Consolidated Financial Statements. For the Fox River site, as described above, an asset relating to the AT&T and Alcatel-Lucent indemnity is recorded because payment is considered probable and is supported by contractual agreements.

**Guarantees and Product Warranties** Guarantees associated with NCR's business activities are reviewed for appropriateness and impact to the Company's financial statements. NCR had no obligations related to such guarantees, and therefore its financial statements do not have any associated liability balance, as of March 31, 2010 or December 31, 2009.

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NCR provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors, such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. When a sale is consummated, the total customer revenue is recognized and the associated warranty liability is recorded using pre-established warranty percentages for the respective product classes. From time to time, product design or quality corrections are accomplished through modification programs. When identified, associated costs of labor and parts for such programs are estimated and accrued as part of the warranty reserve.

The Company recorded the activity related to the warranty reserve for the three months ended March 31 as follows:

In millions	2010	2009
<b>Warranty reserve liability</b>		
Beginning balance as of January 1	\$ 25	\$ 24
Accruals for warranties issued	10	8
Settlements (in cash or in kind)	(12)	(13)
Ending balance as of March 31	<u>\$ 23</u>	<u>\$ 19</u>

The reserve liability as of March 31, 2010 increased as compared to the balance as of March 31, 2009 due to modification programs for product design corrections identified and accrued during the three months ended March 31, 2010.

In addition, NCR provides its customers with certain indemnification rights. In general, NCR agrees to indemnify the customer if a third party asserts patent or other infringement on the part of the customer for its use of the Company's products. From time to time, NCR also enters into agreements in connection with its acquisition and divestiture activities that include indemnification obligations by the Company. The fair value of these indemnification obligations is not readily determinable due to the conditional nature of the Company's potential obligations and the specific facts and circumstances involved with each particular agreement. The Company has not recorded a liability in connection with these indemnifications. Historically, payments made by the Company under these types of agreements have not had a material effect on the Company's condensed consolidated financial condition, results of operations or cash flows.

**8. INCOME TAXES**

Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates calculated separately from the effect of significant infrequent or unusual items. The effective tax rate for the three months ended March 31, 2010 was 6% as compared to an effective tax rate of 7% for the three months ended March 31, 2009. The effective tax rates in the first quarter of 2010 and 2009 were driven by an operating loss before income taxes and accruals related to uncertain tax positions.

**9. EARNINGS PER SHARE**

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

As of March 31, 2010 and 2009, due to the net loss, potential common shares that would cause dilution, such as stock options and restricted stock, have been excluded from the diluted share count because their effect would have been anti-dilutive. As of March 31, 2010, 1.1 million shares were excluded and fully diluted shares would have been 161.1 million shares and, as of March 31, 2009, 1.1 million shares were excluded and fully diluted shares would have been 159.4 million shares.

Options to purchase approximately 6.4 million and 7.9 million shares of common stock for the first quarter of 2010 and 2009, respectively, were outstanding but were not included in the diluted share count because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would have been anti-dilutive.



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**10. SEGMENT INFORMATION AND CONCENTRATIONS**

NCR's products, services, and solutions enable our customers to connect, interact and transact with their customers and include: ATM hardware and software, traditional point-of-sale (POS) and self checkout solutions; self-service kiosk solutions; business consumables; solutions that digitally capture, process and retain item-based transactions; maintenance of NCR solutions; consulting, installation, implementation, and customer support services; as well as the maintenance and sale of third-party products and services. NCR manages its businesses on a functional geographic model and as a result, the Company reports on the following segments:

- Americas;
- Europe, Middle East and Africa (EMEA); and
- Asia Pacific and Japan (APJ).

Each of these segments derives its revenues by selling products and services to the financial services, retail and hospitality, travel and gaming, healthcare, and entertainment industries. In addition, each segment sells products and services across the entire NCR product and service portfolio within their geography.

The Company's chief operating decision maker regularly assesses information relating to these segments to make decisions, including the allocation of resources. Management evaluates the performance of the segments based on revenue and segment gross margin. Segment assets are not included in this assessment of segment performance. The accounting policies used to determine the results of the operating segments are the same as those utilized for the consolidated financial statements as a whole. Intersegment sales and transfers are not material.

In recognition of the volatility of the effects of pension expense on our segment results and to maintain operating focus on business performance, pension expense, as well as significant non-recurring items are excluded from the segment operating results utilized by our chief operating decision maker in evaluating segment performance and are separately delineated to reconcile back to total reported income from operations.



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The following table presents revenue and gross margin by segment:

In millions	Three months ended	
	March 31	
	2010	2009
<b>Revenue by segment</b>		
Americas	\$ 464	\$ 459
EMEA	363	386
APJ	202	163
<b>Total revenue</b>	<b>1,029</b>	<b>1,008</b>
<b>Gross margin by segment</b>		
Americas	94	80
EMEA	88	92
APJ	39	33
<b>Total segment gross margin</b>	<b>221</b>	<b>205</b>
Selling, general and administrative expenses	147	146
Research and development expenses	31	31
Pension expense	56	38
Other adjustments(1)	5	—
<b>Loss from operations</b>	<b>\$ (18)</b>	<b>\$ (10)</b>

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

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

In millions	Three months ended	
	March 31	
	2010	2009
Product revenue	\$ 468	\$ 458
Professional and installation services revenue	118	120
<b>Total solution revenue</b>	<b>586</b>	<b>578</b>
Support services revenue	443	430
<b>Total revenue</b>	<b>\$ 1,029</b>	<b>\$ 1,008</b>

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**11. FAIR VALUE OF ASSETS AND LIABILITIES**

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

Assets recorded at fair value on a recurring basis as of March 31, 2010 are set forth as follows:

In millions	Fair Value as of March 31, 2010	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Deposits held in money market funds*	\$ 129	129	\$ —	\$ —
Available for sale securities**	13	13	—	—
Foreign exchange forward contracts	1	—	1	—
<b>Total</b>	<u>\$ 143</u>	<u>\$ 142</u>	<u>\$ 1</u>	<u>\$ —</u>

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

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

There were no liabilities recorded at fair value on a recurring basis as of March 31, 2010.

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

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

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

**Assets Measured at Fair Value on a Non-recurring Basis**

NCR measures certain assets, including intangible assets and cost and equity method investments, at fair value on a non-recurring basis. These assets are recognized at fair value when initially valued and when they are deemed to be other-than-temporarily impaired. No impairment charges or material non-recurring fair value adjustments were recorded during the three months ended March 31, 2010. An impairment charge of \$5 million was recorded in other income and expense in the Condensed Consolidated Statement of Operations during the three months ended March 31, 2009 for the write-down of an equity method investment to its fair value. We measured the fair value through the use of discounted cash flows, which required the use of unobservable inputs, including assumptions on projected revenue, expenses, and earnings, as well as a discount rate determined by management's estimates of the risk profile associated with the equity investment.

**12. DEBT OBLIGATIONS**

As of March 31, 2010, the Company's long term debt was \$11 million. The Company's long-term debt consists of \$5 million in notes payable originating in the United States and a capital lease obligation entered into during 2009. The \$5 million notes payable matures in 2020 and bears interest at a rate of 9.49% per annum.

*Industrial Revenue Bond* – During 2009, NCR entered into a transaction with the Development Authority of Columbus, Georgia (the Development Authority). The transaction resulted in the issuance of approximately \$5 million in taxable revenue bonds by the Development Authority. The Development Authority used the proceeds to purchase a manufacturing facility consisting of a building and fixtures. NCR and the Development Authority entered into a lease agreement, whose terms provide NCR with a ten year lease of

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the facility for manufacturing purposes. Under the terms of the lease agreement, the rental payments made by NCR will be utilized by the Development Authority to repay the principal and interest (at a rate of 5%) of the bonds and NCR will have the option of acquiring the facility for a nominal amount at the end of the lease term. Based on the terms of the lease agreement, the transaction was accounted for as a capital lease, which resulted in the capitalization of the purchase price of the facility as an asset and recording of the capital lease obligation as long-term debt.

*Revolving Credit Facility* – On August 6, 2007, the Company amended and renewed its \$500 million, five-year unsecured revolving credit facility to update certain terms and conditions. This replacement facility contains certain representations and warranties; conditions; affirmative, negative and financial covenants; and events of default customary for such facilities. NCR was in compliance with these covenants as of March 31, 2010. The key financial covenants include a total debt to consolidated EBITDA requirement for the period of four consecutive fiscal quarters not to exceed 3.00 to 1.00 and a minimum cash interest coverage ratio for the period of four consecutive fiscal quarters of not less than 4.00 to 1.00. The credit facility provides a grid-based interest rate that determines the margin charged in addition to the London Interbank Offered Rate (LIBOR) on borrowings. The rate is based on several factors including the credit rating of the Company and the amount of the Company's aggregate borrowings under the facility. As of March 31, 2010, LIBOR margin would have been 42.5 basis points. Additionally, the facility allows a portion of the availability to be used for outstanding letters of credit. As of March 31, 2010 and December 31, 2009, no amount was outstanding under the facility; however, the maximum borrowing available was reduced by \$21 million for NCR's usage of letters of credit.

*Fair Value of Debt* – The fair value of debt is based on a discounted cash flow model that incorporates a market yield curve based on the Company's credit rating with adjustments for duration. As of March 31, 2010 and December 31, 2009, the fair value of debt was \$13 million and \$16 million, respectively.

**13. DERIVATIVES AND HEDGING INSTRUMENTS**

NCR is exposed to risks associated with changes in foreign currency exchange rates and interest rates. NCR utilizes a variety of measures to monitor and manage these risks, including the use of derivative financial instruments. NCR has exposure to approximately 50 functional currencies. Due to our global operations, weakness in some of these currencies is sometimes offset by strengths in others. Since a substantial portion of our operations and revenues occur outside the United States (U.S.), and in currencies other than the U.S. Dollar, our results can be significantly impacted, both positively and negatively, by changes in foreign currency exchange rates.

*Foreign Currency Exchange Risk*

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

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

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

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*Interest Rate Risk*

Interest rate risk associated with our borrowing is not considered material to our consolidated financial position, results of operations or cash flows as of March 31, 2010 based on the level of current borrowings and maturity dates. As such, we held no derivative financial instruments related to interest rate risk as of March 31, 2010.

The following tables provide information on the location and amounts of derivative fair values in the Condensed Consolidated Balance Sheet and derivative gains and losses in the Condensed Consolidated Statement of Operations:

In millions	Fair Values of Derivative Instruments					
	Asset Derivatives			Liability Derivatives		
	March 31, 2010			March 31, 2010		
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
<b>Derivatives designated as hedging instruments</b>						
	Other assets	\$ 120	\$ 1	Other liabilities	\$ —	\$ —
	<b>Total derivatives designated as hedging instruments</b>		<u>\$ 1</u>			<u>\$ —</u>
<b>Derivatives not designated as hedging instruments</b>						
	Other assets	\$ 38	\$ —	Other liabilities	\$ 37	\$ —
	<b>Total derivatives not designated as hedging instruments</b>		<u>\$ —</u>			<u>\$ —</u>
	<b>Total derivatives</b>		<u>\$ 1</u>			<u>\$ —</u>

In millions	Fair Values of Derivative Instruments					
	Asset Derivatives			Liability Derivatives		
	December 31, 2009			December 31, 2009		
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
<b>Derivatives designated as hedging instruments</b>						
	Other assets	\$ —	\$ —	Other liabilities	\$ —	\$ —
	<b>Total derivatives designated as hedging instruments</b>		<u>\$ —</u>			<u>\$ —</u>
<b>Derivatives not designated as hedging instruments</b>						
	Other assets	\$ 56	\$ 1	Other liabilities	\$ 53	\$ 1
	<b>Total derivatives not designated as hedging instruments</b>		<u>\$ 1</u>			<u>\$ 1</u>
	<b>Total derivatives</b>		<u>\$ 1</u>			<u>\$ 1</u>

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In millions	Amount of Gain Recognized in AOCI on Derivative (Effective Portion)		Location of Gain Reclassified from AOCI into the Condensed Consolidated Statement of Operations (Effective Portion)	Amount of Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations (Effective Portion)		Location of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	For the three months ended March 31, 2010	For the three months ended March 31, 2009		For the three months ended March 31, 2010	For the three months ended March 31, 2009		For the three months ended March 31, 2010	For the three months ended March 31, 2009
Derivatives in Cash Flow Hedging Relationships								
Foreign exchange contracts	\$ 1	\$ 4	Cost of Products	\$ —	\$ (2)	Other income (expense)	\$ —	\$ —

In millions	Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations	Amount of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations	
			For the three months ended March 31, 2010	For the three months ended March 31, 2009
	Foreign exchange contracts	Other income (expense)	\$ —	\$ —
	Foreign exchange contracts	Cost of products	\$ —	\$ 8

*Concentration of Credit Risk*

NCR is potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the Condensed Consolidated Balance Sheets. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. NCR's business often involves large transactions with customers, and if one or more of those customers were to default on its obligations under applicable contractual arrangements, the Company could be exposed to potentially significant losses. However, management believes that the reserves for potential losses are adequate. As of March 31, 2010, NCR did not have any major concentration of credit risk related to financial instruments.

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

**Overview**

As more fully discussed in later sections of this MD&A, the following were the significant events for the first quarter of 2010:

- Revenue increased 2% from the prior year period in line with expectations;
- Foreign currency fluctuations favorably impacted revenue by 5%; and
- NCR continued to realize the benefits of our cost reduction initiatives.

In the first quarter of 2010, we continued to focus on our strategic initiatives to provide maximum value to our stakeholders. The strategic initiatives and actions we are taking in 2010 are as follows:

- 1) *Gain profitable share* We expect to continue to optimize our investments in demand creation to increase NCR's market share in areas with the greatest potential for profitable revenue growth, which include opportunities in self-service technologies with our core financial services and retail customers. We intend to expand and strengthen our geographic presence and sales coverage in addition to penetrating adjacent single and multi-channel self-service solution segments.
- 2) *Expand into emerging growth industry segments* The Company expects to continue to focus on broadening the scope of our self-service solutions from our existing customers to expand these solution offerings to customers in newer industry-vertical markets including: travel and gaming, healthcare, and entertainment. We expect to grow our business in these industries through integrated service offerings in addition to targeted acquisitions and strategic partnerships. Additionally, we have continued the expansion of our network of DVD-rental kiosks to achieve our targeted roll-out goals.
- 3) *Build the lowest cost structure in our industry* The Company is continuing to focus on increasing the efficiency and effectiveness of our core functions and the productivity of our employees. While we continued to make progress in this regard during 2008 and 2009, we intend to ensure that our execution throughout 2010 will allow us to capture efficiencies and intended cost savings.
- 4) *Enhance our global service capability* The Company continues to execute various initiatives to enhance its global service capability. We will continue to focus on improving our service positioning, increasing our service attach rates for our products and continue to improve profitability in our services business. Our service capability can provide us a competitive advantage in winning customers and it provides NCR with an ever-more attractive and stable revenue source.
- 5) *Innovation and our people.* NCR is committed to solution innovation across all customer industries. Our focus on innovation will be enabled by the integration of NCR Services into the customer industry solutions, as well as a model to apply best practices across all industries through one centralized research and development organization and one business decision support function. Innovation is also driven through investments in training and developing our employees by taking advantage of our new world-class training centers. We expect that these steps and investments will accelerate the delivery of new innovative solutions focused on the needs of our customers and changes in consumer behavior.

We expect to continue with these initiatives for the remainder of 2010 and beyond, as we refine our business model and position the Company for growth and profitability.

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### **Results from Operations**

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

In millions	2010	2009
Revenue	\$ 1,029	\$ 1,008
Gross margin	\$ 191	\$ 184
Gross margin as a percentage of revenue	18.6%	18.3%
Operating expenses		
Selling, general and administrative expenses	\$ 170	\$ 159
Research and development expenses	39	35
Loss from operations	\$ (18)	\$ (10)

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

In millions	2010	2009
Product revenue	\$ 468	\$ 458
Cost of products	383	370
Product gross margin	\$ 85	\$ 88
Product gross margin as a percentage of revenue	18.2%	19.2%
Services revenue	\$ 561	\$ 550
Cost of services	455	454
Services gross margin	\$ 106	\$ 96
Services gross margin as a percentage of revenue	18.9%	17.5%

### **Three Months Ended March 31, 2010 Compared to Three Months Ended March 31, 2009**

#### **Revenue**

Revenue increased 2% from the first quarter of 2009 due to an increase in sales volumes to customers in the entertainment industry offset by decreased sales volumes for both products and services to customers within the financial services and retail and hospitality industries. The effects of foreign currency fluctuations provided a favorable impact to revenue of 5%. In the first quarter of 2010, our product revenue and services revenue each increased 2% as compared to the first quarter of 2009. The increase in product revenue was due to an increase in sales volumes to customers in the entertainment industry in the Americas segment coupled with favorable foreign currency fluctuations across all geographic regions. This increase was offset by sales declines in the Americas and the Europe, Middle East, and Africa (EMEA) segments mainly attributable to the continued effect of the overall market and economic conditions on capital spending to customers within the financial services and retail and hospitality industries. The increase in services revenue was primarily due to favorable foreign currency fluctuations across all geographic regions.

#### **Gross Margin**

Gross margin as a percentage of revenue in the first quarter of 2010 was 18.6% compared to 18.3% in the first quarter of 2009. Product gross margin of 18.2% in the first quarter of 2010 declined 1.0 percentage point from 19.2% in the first quarter of 2009. The decline in the product gross margin was due to losses incurred in the entertainment industry, as well as, lower volumes, which resulted in reduced operating leverage and an unfavorable sales mix, mainly in EMEA. Services gross margin increased to 18.9% for the first quarter of 2010 from 17.5% in the first quarter of 2009, but was negatively impacted by \$7 million in higher pension expense, or 1.3% as a percentage of service revenue. After considering the effect of pension expense, the increase in services gross margin was due to lower labor costs from reduced headcount and a favorable mix of service offerings.

#### **Restructuring and Re-engineering**

**Organizational Realignment** On January 1, 2008, NCR began management of its business on a geographic basis, changing from a previous model of global business units organized by product and service offering. As a result, in the second quarter of 2008, NCR commenced a global realignment initiative to reduce redundancies and process inefficiencies to become more customer-focused and market-driven. This initiative addressed legacy process inefficiencies and unbalanced resource allocation by focusing on organizational design, process re-engineering and business process outsourcing. The initiative has resulted in reductions in employment and productivity improvements, while freeing up funds to invest in growth programs such as sales, engineering, and

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market development. The realignment activities included approximately 900 employee terminations and relate to each of our reportable segments of the Americas, EMEA and APJ.

As of March 31, 2010 and December 31, 2009, there was a remaining accrued liability balance of \$1 million. There were no severance payments during the first quarter of 2010. This liability is recorded in the Condensed Consolidated Balance Sheet in other current liabilities as the Company expects that payment of the remaining obligation will occur in 2010.

The actions taken to date have generated incremental, annualized savings of approximately \$40 million. The Company continues to identify additional opportunities focusing on organizational design, process re-engineering and business process outsourcing as part of our continuous improvement process.

### **Effects of Pension, Postemployment, and Postretirement Benefit Plans**

Gross margin and operating expenses for the three months ended March 31, 2010 and 2009 were impacted by certain employee benefit plans as shown below:

<i>In millions</i>	<u>2010</u>	<u>2009</u>
Pension expense	<u>\$56</u>	<u>\$38</u>
Postemployment expense	12	11
Postretirement benefit	<u>(1)</u>	<u>(1)</u>
Total expense	<u>\$67</u>	<u>\$48</u>

During the three months ended March 31, 2010, NCR incurred \$56 million of pension expense compared to \$38 million in the first quarter of 2009. The increase was due to increased actuarial loss amortization due to lower discount rates and the loss on invested plan assets that we experienced in 2008, as well as a settlement charge of \$6 million relating to our Canadian pension plan in the first quarter of 2010.

### **Selling, General, and Administrative Expenses**

Selling, general and administrative expenses were \$170 million in the first quarter of 2010 as compared to \$159 million in the first quarter of 2009. As a percentage of revenue, these expenses were 16.5% in the first quarter of 2010 compared to 15.8% in the first quarter of 2009. Pension costs included in selling, general, and administrative expenses were \$18 million in the first quarter of 2010 as compared to \$13 million in the first quarter of 2009. After considering the effect of higher pension costs in the first quarter of 2010, selling, general and administrative expenses as a percentage of revenue increased less than half of one percent. The minimal increase is despite higher incentive compensation costs, as well as the first full quarter of sales and marketing expenses related to the entertainment industry.

### **Research and Development Expenses**

Research and development expenses were \$39 million in the first quarter of 2010 as compared to \$35 million in the first quarter of 2009. As a percentage of revenue, these costs were 3.8% in the first quarter of 2010 compared to 3.5% in the first quarter of 2009. Pension costs included in research and development expenses were \$8 million in the first quarter of 2010 as compared to \$4 million in the first quarter of 2009. After considering the effect of pension costs, research and development expenses remained consistent as a percentage of revenue.

### **Interest and Other Income Items**

Interest expense was \$1 million in the first quarter of 2010 as compared to \$5 million in the first quarter of 2009. The decrease was due to the repayment of the senior unsecured notes in June 2009.

Other income, net was \$1 million in the first quarter of 2010 compared to zero in the first quarter of 2009. Other income in the first quarter of 2009 included a \$5 million benefit from insurance recoveries related to the Fox River environmental matter, which was offset by an impairment charge of \$5 million related to one of NCR's equity method investments.

### **Provision for Income Taxes**

Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates calculated separately from the effect of significant or unusual items. The effective tax rate for the three months ended March 31, 2010 was 6% as compared to an effective tax rate of 7% for the three months ended March 31, 2009. The effective tax rates were driven by operating losses before income taxes and accruals related to uncertain tax positions.



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NCR is subject to numerous federal, state and foreign audits. While NCR believes that appropriate reserves exist for issues that might arise from these audits, should these audits be settled, the resulting tax effect could impact the tax provision and cash flows in future periods.

### **Revenue and Gross Margin by Segment**

NCR's products, services, and solutions enable our customers to connect, interact and transact with their customers and include: ATM hardware and software, traditional point-of-sale (POS) and self checkout solutions; self-service kiosk solutions; business consumables; solutions that digitally capture, process and retain item-based transactions; maintenance of NCR solutions; consulting, installation, implementation, and customer support services; as well as the maintenance and sale of third-party products and services. NCR manages its businesses on a functional geographic model and as a result, the Company reports on the following segments:

- Americas;
- Europe, Middle East and Africa (EMEA); and
- Asia Pacific and Japan (APJ).

Each of these segments derives its revenues by selling products and services to the financial services, retail and hospitality, travel and gaming, healthcare and entertainment industries. In addition, each segment sells products and services across the entire NCR product and service portfolio within their geography.

Segments are measured for profitability by the Company's chief operating decision maker based on revenue and segment gross margin. For purposes of discussing our operating results by segment, we exclude the impact of certain items (described below) from segment gross margin, consistent with the manner by which management reviews each segment, evaluates performance, and reports our segment results under accounting principles generally accepted in the United States of America (otherwise known as GAAP). This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by NCR management to make decisions regarding the segments and to assess our financial performance.

The effect of pension expense on segment gross margin, which was \$30 million in the first quarter of 2010 and \$21 million in the first quarter of 2009, has been excluded from the gross margin for each reporting segment presented below. Our segment results are reconciled to total Company results reported under GAAP in Note 10, "Segment Information and Concentrations" of the Notes to Condensed Consolidated Financial Statements.

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

### **Americas Segment**

The following table presents the Americas revenue and segment gross margin for the three months ended March 31:

In millions	2010	2009
Revenue	\$ 464	\$ 459
Gross margin	\$ 94	\$ 80
Gross margin as a percentage of revenue	20.3%	17.4%

Americas segment revenue increased 1% during the first quarter of 2010 as compared to the first quarter of 2009. Foreign currency fluctuations favorably impacted the quarter-over-quarter revenue comparison by 2%. In addition to the favorable impact of foreign currency fluctuations, the revenue increase was due to growth of the emerging entertainment industry, which was partially offset by lower volumes of product sales to customers in the financial services and retail and hospitality industries.

Gross margin as a percentage of revenue increased 2.9 percentage points in the first quarter of 2010 as compared to the first quarter of 2009. The improvement in the Americas gross margin was primarily due to an improved mix of higher value product and service offerings across customers in the financial services and retail and hospitality industries.

### **Europe, Middle East & Africa (EMEA) Segment**

The following table presents EMEA revenue and segment gross margin for the three months ended March 31:

In millions	2010	2009
Revenue	\$ 363	\$ 386
Gross margin	\$ 88	\$ 92
Gross margin as a percentage of revenue	24.2%	23.8%

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EMEA segment revenue decreased 6% during the first quarter of 2010 as compared to the first quarter of 2009. Foreign currency fluctuations favorably impacted the quarter-over-quarter revenue comparison by 5%. The decrease in revenue was primarily driven by a reduction in product sales to customers in the financial services industry across the region. This decrease was partially offset by slight increases in recurring maintenance revenue across the region.

Gross margin as a percentage of revenue increased 0.4 percentage points in the first quarter of 2010 as compared to the first quarter of 2009. Gross margin was positively impacted by an improved mix of higher value service offerings coupled with the favorable impact from foreign currency fluctuations offset by the impact of lower product volumes and an unfavorable product mix compared to first quarter of 2009.

### **Asia Pacific & Japan (APJ) Segment**

The following table presents APJ's revenue and segment gross margin for the three months ended March 31:

In millions	2010	2009
Revenue	\$ 202	\$ 163
Gross margin	\$ 39	\$ 33
Gross margin as a percentage of revenue	19.3%	20.2%

APJ revenue increased 24% during the first quarter of 2010 as compared to the first quarter of 2009. Foreign currency fluctuations favorably impacted the quarter-over-quarter revenue comparison by 11%. As further discussed in Note 1, "Basis of Presentation," of the Notes to the Condensed Consolidated Financial Statements, during the first quarter of 2009, we recorded an adjustment to decrease product revenue by \$12 million and cost of products by \$10 million, which resulted in a net decrease in gross margin of \$2 million. The adjustment related to revenues incorrectly recognized during 2008 by the Company's Japanese subsidiary. After considering the effect of the adjustment, the increase in revenue was primarily driven by product volume increases across the region, especially in Japan and India.

Gross margin as a percentage of revenue decreased 0.9 percentage points in the first quarter of 2010 as compared to the first quarter of 2009. Gross margin was negatively impacted by an unfavorable sales mix across the region in comparison to first quarter of 2009.

### **Financial Condition, Liquidity, and Capital Resources**

In the first quarter of 2010, cash provided by operating activities decreased \$24 million from the first quarter of 2009 due to movements in working capital.

NCR's management uses a non-GAAP measure called "free cash flow," which we define as net cash provided by operating activities less capital expenditures for property, plant and equipment, and additions to capitalized software, to assess the financial performance of the Company. Free cash flow does not have a uniform definition under GAAP and therefore, NCR's definition may differ from other companies' definitions of this measure. The components used to calculate free cash flow are GAAP measures that are taken directly from the Condensed Consolidated Statements of Cash Flows. We believe free cash flow information is useful for investors because it relates the operating cash flows 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 available after capital expenditures for, among other things, investments in the Company's existing businesses, strategic acquisitions, repurchase of NCR stock and repayment of debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures, since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities under GAAP. The table below shows net cash provided by operating activities and capital expenditures for the three months ended March 31:

In millions	2010	2009
Net cash provided by operating activities	\$ 14	\$ 38
Less: Expenditures for property, plant and equipment, net of grant reimbursements	(38)	(10)
Less: Additions to capitalized software	(13)	(15)
Free cash (used) flow	<u>\$(37)</u>	<u>\$ 13</u>

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Planned expenditures related to investments in the entertainment industry led to the increase in net capital expenditures. This increase coupled with the decrease in cash provided by operating activities described above resulted in a \$50 million decrease in free cash flow in the first quarter of 2010 compared to the first quarter of 2009

Financing activities and certain other investing activities are not included in our calculation of free cash flow. Our financing activities for the three months ended March 31, 2010 consisted of the repayment of \$4 million in short-term borrowings as well as cash inflows from employee stock plans of \$2 million. Our financing activities for the three months ended March 31, 2009 consisted of cash outflows for share repurchases of \$1 million and cash inflows from employee stock plans of \$2 million.

Our cash and cash equivalents totaled \$408 million as of March 31, 2010. Our ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described in Item 1A of Part I of the Company's 2009 Annual Report on Form 10-K. If we are unable to generate sufficient cash flows from operations, or otherwise comply with the terms of our credit facilities, we may be required to seek additional financing alternatives. In addition, as described in Note 6, "Employee Benefit Plans," of the Notes to the Condensed Consolidated Financial Statements, we expect to make pension, postemployment, and postretirement plan contributions of approximately \$172 million in 2010. During the first quarter of 2010, the Company completed a comprehensive analysis of its capital allocation strategy, with specific focus on its approach to pension management. As a result of this analysis, the Company plans to substantially reduce future volatility in the U.S. pension plan by rebalancing the asset allocation to a portfolio of entirely fixed income assets by the end of 2012. We believe that we have sufficient liquidity based on our current cash position, cash flows from operations and existing financing to meet our expected pension, postemployment, and postretirement plan contributions, remediation payments related to the Fox River environmental matter and our operating requirements for the next twelve months.

**Contractual and Other Commercial Commitments:** There have been no significant changes in our contractual and other commercial commitments as described in our Form 10-K for the year ended December 31, 2009.

The Company's uncertain tax positions are not expected to have a significant impact on liquidity or sources and uses of capital resources. Our product warranties are discussed in Note 7, "Commitments and Contingencies," of Notes to Condensed Consolidated Financial Statements.

### Critical Accounting Policies and Estimates

Management has reassessed the critical accounting policies as disclosed in our 2009 Form 10-K and determined that there were no changes to our critical accounting policies in the three months ended March 31, 2010. Also, there were no significant changes in our estimates associated with those policies. See Note 7, "Commitments and Contingencies," of Notes to Condensed Consolidated Financial Statements for an update relating to the reserve for the Fox River environmental matter.

### New Accounting Pronouncements

See discussion in Note 3, "New Accounting Pronouncements," of Notes to Condensed Consolidated Financial Statements for new accounting pronouncements.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk, including changes in foreign currency exchange rates and interest rates. We use a variety of measures to monitor and manage these risks, including derivative financial instruments. Since a substantial portion of our operations and revenue occurs outside the United States, and in currencies other than the U.S. Dollar, our results can be significantly impacted by changes in foreign currency exchange rates. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange forward contracts. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by the marketing units and of foreign currency denominated inventory sales by the manufacturing units. All of these transactions are firmly committed or forecasted. These foreign exchange contracts are designated as highly effective cash flow hedges. The gains or losses are deferred in accumulated other comprehensive income and recognized in the determination of income when the underlying hedged transaction impacts earnings. As we hedge inventory purchases, the ultimate gain or loss from the derivative contract is recorded in cost of products when the inventory is sold to an unrelated third party.

We have exposure to approximately 50 functional currencies. Due to our global operations, weaknesses in some of these currencies are sometimes offset by strengths in others. The U.S. Dollar was weaker in the first quarter of 2010 compared to the first quarter of 2009 based on comparable weighted averages for our functional currencies. This had a favorable impact of 5% on first quarter 2010 revenue versus first quarter 2009 revenue. This excludes the effects of our hedging activities and, therefore, does not reflect the actual impact of fluctuations in exchange rates on our operating income.

Our strategy is to hedge, on behalf of each subsidiary, a portion of our non-functional currency denominated cash flows for a period of up to 15 months. As a result, some of the impact of currency fluctuations on non-functional currency denominated transactions (and

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

For purposes of potential risk analysis, we use sensitivity analysis to quantify potential impacts that market rate changes may have on the fair values of our hedge portfolio related to firmly committed or forecasted transactions. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction. A 10% appreciation or depreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would result in a corresponding increase or decrease of \$16 million as of March 31, 2010 in the fair value of the hedge portfolio.

Our cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instruments. As of March 31, 2010, the carrying value of our cash and cash equivalents approximated fair value.

The interest rate risk associated with our borrowing and investing activities as of March 31, 2010 was not material in relation to our consolidated financial position, results of operations or cash flows.

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

We are potentially subject to concentrations of credit risk on accounts receivable and financial instruments, such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Our business often involves large transactions with customers for which we do not require collateral. If one or more of those customers were to default in its obligations under applicable contractual arrangements, we could be exposed to potentially significant losses. Moreover, a prolonged downturn in the global economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. We believe that the reserves for potential losses are adequate. As of March 31, 2010, we did not have any major concentration of credit risk related to financial instruments.

## **Item 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

NCR has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) to ensure that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is accumulated and communicated to NCR's management, including its Chief Executive and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation as of the end of the first quarter of 2010, conducted under their supervision and with the participation of management, the Company's Chief Executive and Chief Financial Officers have concluded that NCR's disclosure controls and procedures are effective to meet such objectives and that NCR's disclosure controls and procedures adequately alert them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in NCR's Exchange Act filings.

### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Part II. Other Information**

**Item 1. LEGAL PROCEEDINGS**

The information required by this item is included in Note 7 of Notes to Condensed Consolidated Financial Statements of this quarterly report and is incorporated herein by reference.

**Item 1A. RISK FACTORS**

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A of the Form 10-K for the fiscal year ended December 31, 2009.

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

During the three months ended March 31, 2010, the Company did not repurchase any shares of its common stock. As of March 31, 2010, the Company had a total remaining authorization of approximately \$37 million under the 1999 and 2000 Board of Directors share repurchase programs.

The Company occasionally purchases vested restricted stock shares from Section 16 officers at the current market price to cover their withholding taxes. For the three months ended March 31, 2010, 83,166 shares were purchased at an average price of \$12.81 per share.

**Item 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**Item 4. [RESERVED]**

**Item 5. OTHER INFORMATION**

None.

**Item 6. EXHIBITS**

- 3.1 Articles of Amendment and Restatement of NCR Corporation as amended May 14, 1999 (incorporated by reference to Exhibit 3.1 from the NCR Corporation Form 10-Q for the period ended June 30, 1999).
- 3.2 Bylaws of NCR Corporation, as amended and restated on January 28, 2009 (Exhibit 3(ii) to the NCR Corporation Current Report on Form 8-K filed February 2, 2009).
- 4.1 Common Stock Certificate of NCR Corporation (incorporated by reference to Exhibit 4.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).
- 4.2 Preferred Share Purchase Rights Plan of NCR Corporation, dated as of December 31, 1996, by and between NCR Corporation and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1996).
- 4.3 NCR Corporation hereby agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of NCR Corporation and all of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed, and which does not exceed 10% of the total assets of NCR Corporation and its subsidiaries on a consolidated basis.
- 4.4 Indenture, dated as of June 1, 2002, between NCR Corporation and The Bank of New York (incorporated by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (the "June 30, 2002 Form 10-Q").
- 10.1 First Amendment to the Amended and Restated NCR Change in Control Severance Plan dated January 27, 2010
- 10.2 Form of 2010 Stock Option Agreement under the NCR 2006 Stock Incentive Plan, as amended and restated
- 10.3 Form of 2010 Restricted Stock Agreement under the 2006 Stock Plan, as amended and restated

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10.4	Form of 2010 Restricted Stock Unit Agreement under 2006 Stock Plan, as amended and restated
10.5	Form of 2010 Performance Based Restricted Stock Agreement under the 2006 Stock Incentive Plan, as amended and restated
10.6	Form of 2010 Performance Based Restricted Stock Unit Agreement under 2006 Stock Incentive Plan, as amended and restated
10.7	Letter Agreement with Robert Fishman dated March 17, 2010
10.8	Letter Agreement with John Bruno dated October 27, 2008
10.9	Letter Agreement with Peter Leav dated December 28, 2008
31.1	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, dated April 29, 2010.
31.2	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, dated April 29, 2010.
32	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated April 29, 2010.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 29, 2010

NCR CORPORATION

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

**FIRST AMENDMENT TO THE  
AMENDED AND RESTATED NCR CHANGE IN CONTROL SEVERANCE PLAN**

WHEREAS, NCR Corporation (the "Company") has previously adopted the NCR Change in Control Severance Plan as amended and restated and in effect on December 31, 2008 (the "Plan"); and

WHEREAS, the Compensation and Human Resource Committee of the Board of Directors of the Company has recommended to the Board of Directors of the Company (the "Board") that the Plan be amended so as not to provide tax gross-up payments to any Participants who may become Participants in the Plan effective after the date of this amendment and, instead, to provide for reductions in payments to such Participants in certain circumstances as set forth below; and

WHEREAS, the Board has determined that, in furtherance of these objectives, it is desirable to amend the Plan as permitted by Section 6.2 of the Plan;

NOW THEREFORE, effective as of January 27, 2010, the Plan is hereby amended as follows:

1. Section 4.4 is hereby amended by inserting a new Section 4.4(g) immediately following Section 4.4(f) to read as follows:

(g) Anything in this Plan to the contrary notwithstanding, Participants who become Participants in this Plan effective after January 27, 2010 shall be subject to the provisions set forth in Exhibit C, and Sections 4.4(a) through 4.4(f) shall have no application to any such Participant.

2. The Plan is hereby amended by inserting a new Exhibit C immediately following Exhibit B to read as follows:

Exhibit C

Certain Reductions in Payments for New Participants After January 27, 2010

(a) In the event that it shall be determined by the Accounting Firm that any Payment to a Participant who becomes a Participant in the Plan effective after January 27, 2010 would be subject to the Excise Tax, the Accounting Firm shall determine whether to reduce the aggregate amount of the Payments payable to such Participant under this Plan (the "Plan Payments") to the Reduced Amount. The Plan Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Participant would have a greater Net After-Tax Benefit if the Participant's Plan Payments were reduced to the Reduced Amount. If instead the Accounting Firm determines that the Participant would have a greater Net After-Tax Benefit if the Participant's Plan Payments were not reduced to the Reduced Amount, the Participant shall receive all Plan Payments to which the Participant is entitled under this Plan.



(b) If the Accounting Firm determines that the aggregate Plan Payments otherwise payable to a Participant should be reduced to the Reduced Amount pursuant to this Exhibit C, the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Exhibit C shall be binding upon the Company and the Participant and shall be made within fifteen (15) days after a termination of the Participant's employment. The reduction of the Plan Payments to the Reduced Amount, if applicable, shall be made by first reducing the payments under Section 4.2(a), and then any payments due under Section 4.2(b)(ii), and then any benefits due under Section 4.2(d) (with benefits or payments in any group having different payment terms being reduced on a pro-rata basis). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) Definitions. The following terms shall have the following meanings for purposes of this Exhibit C.

(i) "Accounting Firm" shall mean the Company's then current independent outside auditors, or such other nationally recognized certified public accounting firm as may be designated by the Plan Committee immediately prior to a Change In Control, *provided* that in the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Plan Committee may appoint another nationally recognized accounting firm to make the determinations required under this Exhibit C (which accounting firm shall then be referred to as the Accounting Firm hereunder).

(ii) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(iii) "Net After-Tax Benefit" shall mean the aggregate Value of all Payments to a Participant, net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, as determined by the Accounting Firm.

(iv) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise.

(v) "Reduced Amount" shall mean the greatest amount of Plan Payments that can be paid that would not result in the imposition of the Excise Tax upon a Participant if the Accounting Firm determines to reduce Plan Payments pursuant to this Exhibit C.

(vi) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the change of control for purposes of Section 280G

of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

3. Except as expressly modified hereby, the terms and provisions of the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned officer certifies that the Board of Directors of NCR Corporation has approved this amendment to the Plan effective this 27th day of January, 2010.

NCR Corporation

By: /s/ Andrea Ledford

Name: Andrea Ledford

Title: Senior V.P., Human Resources

**2010 Stock Option Agreement  
NCR 2006 Stock Incentive Plan  
(Non-Statutory Stock Option)**

You have been granted an option (the "Option") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), to purchase from NCR Corporation (referred to herein, together with its affiliate companies, as "NCR") a number of shares of common stock of NCR ("Shares") at the price per Share as described on the stock option information page on the website of NCR's third party Plan administrator, subject to the terms and conditions of this 2010 Stock Option Agreement (this "Agreement") and the Plan.

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

2. This Option will vest, and the vested shares ("Option Shares") may be exercised, in equal annual installments (subject to mathematical rounding performed by NCR's third party Plan administrator) over the four year period commencing on the Grant Date, such that all of the shares represented by this Option shall be vested on the fourth anniversary of the Grant Date. This vesting schedule is contingent upon your continuous employment with NCR as of and until each of the vesting dates. In the event your employment with NCR terminates prior to the fourth (4<sup>th</sup>) anniversary of the Grant Date, except as otherwise provided below, this Option will terminate with respect to the then unvested portions.

3. This Option will vest in full if you (a) die while actively employed by NCR, or (b) cease to be actively employed by NCR as a result of a disability for which you qualify for benefits from the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"). In such cases, if you, on the date of death or Disability, have not yet attained the age of 55, this Option may be exercised until the later of the one (1) year anniversary of the date of death or Disability or the Expiration Date. If death or Disability occurs on or after your attainment of age 55, this Option may be exercised until the later of the third (3<sup>rd</sup>) anniversary of the date of death or Disability or the Expiration Date.

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

5. Notwithstanding any provision in this Agreement to the contrary other than Sections 9, 11, 16, 18 and 22, in the event a Change in Control occurs and this Option award is not assumed, converted or replaced by the continuing entity, the Option shall vest immediately

prior to the Change in Control. In the event of a Change in Control wherein this Option award is assumed, if a Termination of Employment (as defined in the Plan) by the Company other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability (as defined in the Plan) occurs during the twenty-four (24) months following the Change in Control, this Option shall vest in full immediately upon your Termination of Employment, and the Option shall remain exercisable until the later of (a) the earlier of the one (1) year anniversary of your Termination of Employment and the Expiration Date, and (b) the applicable date determined under Sections 3 and 4 above. If you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines "Good Reason" in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined within twenty-four (24) months following a Change in Control, this Option shall vest immediately upon your Termination of Employment, and the Option Shares shall remain exercisable until the earlier of (a) the Expiration Date, and (b) the first anniversary of your Termination of Employment.

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

7. If you terminate your employment with NCR for any other reason, including but not limited to reduction-in-force, this Option will automatically terminate, any unvested Option Shares will be forfeited and the vested portion of this Option may be exercised no later than the earlier of (a) the 59<sup>th</sup> day after the date of termination of your employment, and (b) the Expiration Date.

8. In the event that you die after your termination of employment by NCR, but while this Option remains exercisable, this Option may be exercised, by your beneficiary or heir, until the one (1) year anniversary of the date of your death, regardless of the Expiration Date.

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

10. In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extra-ordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of NCR, the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") or the Board of Directors of NCR shall make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of securities subject to outstanding awards. In the case of

Corporate Transactions (as defined in the Plan), such adjustments may include, without limitation, (1) the cancellation of outstanding awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such awards, as determined by the Committee or the Board of Directors of NCR in its sole discretion, *provided*, that in the event of the cancellation of such awards pursuant to this clause (1), the awards shall Vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the Options subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities).

Notwithstanding the foregoing, any adjustment, substitution or assumption pursuant to this Section 10 shall be made in such a manner as to ensure that the Options will not be subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

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

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

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

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

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

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

As used in this Section 16, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

17. By accepting this Option, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with NCR shall be resolved by arbitration. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or nearest major city in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney knowledgeable in employment law. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles. Each party shall bear its own attorney's fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association for an arbitration held in the United States, or similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 16, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 16 NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration. You stipulate to the exclusive jurisdiction and venue of the state and federal courts located in Montgomery County, Ohio, the location from which NCR's Option program is administered, for any such proceedings.

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

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

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

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

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



**2010 Restricted Stock Agreement**  
**NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted shares of NCR common stock (the "Restricted Stock") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as described on the restricted share grant information page (the "Information Page") on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), subject to the terms and conditions of this 2010 Restricted Stock Agreement (this "Agreement") and the Plan.

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

2. If your employment with NCR terminates prior to your Vesting Date due to: (i) your death; or (ii) cessation of active employment by NCR as a result of a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); then, upon such termination of employment, the restricted stock award will become fully Vested. If your employment with NCR terminates prior to your Vesting Date due to your: (a) Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") other than, if applicable to you, for Good Reason (as described below) following a Change in Control (as defined in the Plan)); or (b) reduction-in-force; then, upon such termination of employment, a pro rata portion of the Restricted Stock will become fully Vested. The pro rata portion of the Restricted Stock that will become fully Vested pursuant to this Section 2 will be determined by multiplying the number of shares of Restricted Stock awarded pursuant to this Agreement that have not otherwise become Vested on or prior to the date of your termination of employment by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the date of grant of this award (the "Grant Date"), and the denominator of which is the number of full and partial months between the Grant Date and the last Vesting Date scheduled to occur under this Agreement.

Notwithstanding any provision in this Agreement to the contrary other than Sections 4, 10, 11, 13 and 18, in the event a Change in Control occurs and this restricted stock award is not assumed, converted or replaced by the continuing entity, the Restricted Stock shall become fully Vested immediately prior to the Change in Control. In the event of a Change in Control wherein this restricted stock award is assumed, if a Termination of Employment (as defined in the Plan) by the Company other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability (as defined in the Plan) occurs during the twenty-four (24) months following the Change in Control, the Restricted Stock shall become fully Vested immediately upon your Termination of Employment. If you are a participant in the NCR Change in

Control Severance Plan, an NCR Severance Policy or a similar arrangement that defines “Good Reason” in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined within twenty-four (24) months following a Change in Control, the Restricted Stock shall become fully Vested immediately upon your Termination of Employment.

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

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

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

6. You will be the record owner of the Restricted Stock until such shares are forfeited, and as the record owner you will be entitled to all rights of a common stockholder of NCR, including without limitation, voting rights and rights to cash and in-kind dividends, if any, on the Restricted Stock; provided, however, that the right to dividends will be subject to Section 8 below, and, prior to your Vesting Date, the Restricted Stock is not freely transferable. Until the Restricted Stock has become Vested, the Restricted Stock shall be issued in book-entry only form and shall not be represented by a certificate. The restrictions set forth in this Agreement shall be reflected on the stock transfer records maintained by or on behalf of NCR. You agree that, in order to ensure compliance with the restrictions imposed on the Restricted Stock under this Agreement, NCR may issue appropriate “stop transfer”

instructions to its transfer agent and/or third party Plan administrator. By execution of this Agreement and effective until the Restricted Stock has become Vested, you hereby irrevocably constitute and appoint the Chief Executive Officer and the Chief Financial Officer of the Company attorneys-in-fact to transfer the Restricted Stock on the stock transfer records of NCR with full power of substitution. You agree to take any and all other actions (including without limitation executing, delivering, performing and filing such other agreements, instruments and documents) as NCR may deem necessary or appropriate to carry out and give effect to the provisions of this Agreement. As soon as practicable after your Vesting Date, subject to Section 9 below, NCR will instruct its transfer agent and/or its third party Plan administrator to release the restrictions on your record account and the Restricted Stock, to the extent Vested, will become freely transferable.

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

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

9. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Restricted Stock, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Restricted Stock, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section 9, your acceptance of this award of Restricted Stock constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of Vested Restricted Stock as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of Vested Restricted Stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that the Restricted Stock becomes Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the

proceeds of any such sale may not be sufficient to satisfy the tax withholding requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of Vested Restricted Stock described above. You acknowledge that this Section 9(a) is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of Vested Restricted Stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 9(a) you are an executive officer subject to the provisions of Section 16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall withhold the whole number of shares of Vested Restricted Stock as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of Vested Restricted Stock described in this Section 9(b).

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

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

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

that in addition to any liability you may have for damages arising from such breach, any Restricted Stock that has not yet Vested will be immediately forfeited, and you agree to pay to NCR the Fair Market Value of any Restricted Stock that Vested during the twelve (12) months prior to the date of your termination of employment. Such Fair Market Value shall be determined as of the Vesting Date.

As used in this Section 11, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

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

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 11, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 11 NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration. You stipulate to the exclusive jurisdiction and venue of the state and federal courts located in Montgomery County, Ohio, the location from which NCR's equity programs are administered, for any such proceedings.

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

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

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

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

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

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

**2010 Restricted Stock Unit Agreement**  
**NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted stock units (the "Stock Units") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as described on the restricted stock unit information page (the "Information Page") on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), subject to the terms and conditions of this 2010 Restricted Stock Unit Agreement (this "Agreement") and the Plan.

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

2. If your employment with NCR terminates prior to your Vesting Date due to: (i) your death; or (ii) cessation of active employment by NCR as a result of a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); then, upon such termination of employment, your Stock Units will become fully Vested. If your employment with NCR terminates prior to your Vesting Date due to your: (a) Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") other than, if applicable to you, for Good Reason (as described below) following a Change in Control (as defined in the Plan)); or (b) reduction-in-force; then, upon such termination of employment, a pro rata portion of the Stock Units will become fully Vested. The pro rata portion of the Stock Units that will become fully Vested pursuant to this Section 2 will be determined by multiplying the number of Stock Units awarded pursuant to this Agreement that have not otherwise become Vested on or prior to the date of your termination of employment by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the date of grant of this award (the "Grant Date"), and the denominator of which is the number of full and partial months between the Grant Date and the last Vesting Date scheduled to occur under this Agreement.

Notwithstanding any provision in this Agreement to the contrary other than Sections 4, 9, 10, 12 and 17, in the event a Change in Control occurs and this restricted stock unit award is not assumed, converted or replaced by the continuing entity, the Stock Units shall become fully Vested immediately prior to the Change in Control. In the event of a Change in Control wherein this restricted stock unit award is assumed, if a Termination of Employment (as defined in the Plan) by the Company other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent that you are a participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise as defined in the Plan) or Disability (as defined in the Plan) occurs during the twenty-four (24) months following the Change in Control, the Stock Units shall become fully Vested immediately upon your Termination of Employment. If you are a participant in the NCR Change in Control Severance Plan, an NCR Severance Policy or a similar arrangement that

defines "Good Reason" in the context of a resignation following a Change in Control and you terminate your employment for Good Reason as so defined within twenty-four (24) months following a Change in Control, the Stock Units shall become fully Vested immediately upon your Termination of Employment.

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

To the extent that Stock Units become Vested pursuant to Section 2 of this Agreement and your right to receive payment of such Vested Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), then payment of such Stock Units shall be subject to the following rules: (i) the Stock Units will be paid to you within 30 days after the earlier of (a) your "separation from service" within the meaning of Section 409A of the Code, and (b) the Vesting Date; (ii) notwithstanding the foregoing, if the Stock Units become payable as a result of your "separation from service" within the meaning of Section 409A of the Code (other than as a result of death), and you are a "specified employee" as determined under NCR's policy for determining specified employees on the date of separation from service, the Stock Units shall be paid on the first business day after the date that is six months following your "separation from service" within the meaning of Section 409A of the Code; and (iii) NCR may, in its sole discretion and to the extent permitted by Treasury Regulation § 1.409A-3(j)(4)(ix)(B), terminate this Agreement and pay all outstanding Stock Units to you within 30 days before or 12 months after a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of NCR within the meaning of Section 409A of the Code.

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

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



clause (1), the awards shall Vest in full immediately prior to the consummation of such Corporate Transaction; (2) the substitution of other property (including, without limitation, cash or other securities of NCR and securities of entities other than NCR) for the Stock Units subject to outstanding awards; and (3) in connection with any Disaffiliation (as defined in the Plan), arranging for the assumption of awards, or replacement of awards with new awards based on other property or other securities (including, without limitation, other securities of NCR and securities of entities other than NCR), by the affected Subsidiary, Affiliate (as such terms are defined in the Plan), or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to awards that remain based upon NCR securities).

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

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

8. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Stock Units, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Stock Units, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section 8, your acceptance of this award of Stock Units constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of NCR common stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that Stock Units become Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the tax withholding

requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of NCR common stock described above. You acknowledge that this Section 8(a) is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of NCR common stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 8(a) you are an executive officer subject to the provisions of Section 16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall withhold the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of common stock described in this Section 8(b).

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

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

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

addition to any liability you may have for damages arising from such breach, any Stock Units that have not yet Vested will be immediately forfeited, and you agree to pay to NCR the Fair Market Value of any Stock Units that have Vested or cash paid to you in lieu of such Stock Units that were issued during the twelve (12) months prior to the date of your termination of employment. Such Fair Market Value shall be determined as of your Vesting Date.

As used in this Section 10, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

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

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 10, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 10 NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration. You stipulate to the exclusive jurisdiction and venue of the state and federal courts located in Montgomery County, Ohio, the location from which NCR's equity programs are administered, for any such proceedings.

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

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

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

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

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

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

**2010 Performance Based Restricted Stock Agreement  
NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted shares of NCR common stock (the "Restricted Stock") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as listed on the restricted stock grant information page on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), subject to the terms and conditions of this 2010 Performance Based Restricted Stock Agreement (this "Agreement") and the Plan.

1. Subject to potential reduction as set forth in Section 2 and further subject to the other terms and conditions of this Agreement, one hundred and fifty percent of the Restricted Stock will become nonforfeitable ("Vested") on December 31, 2012 (your "Vesting Date"), provided that (i) the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") has certified that NCR has achieved the level of Return on Capital (as defined below) described in your award letter for the period from January 1, 2010, through December 31, 2011 (the "Performance Period"), and (ii) you are continuously employed by NCR until your Vesting Date. In all cases, the Committee shall certify whether NCR has achieved the specified level of Return on Capital no later than March 15 of the calendar year following the end of the Performance Period.

2. The actual number of shares of Restricted Stock that become Vested based on achieving the level of Return on Capital during the Performance Period described in your award letter may be reduced by the Committee in its sole and absolute discretion based on such factors as the Committee determines to be appropriate and/or advisable including without limitation NCR's achievement of Non-Pension Operating Income Minus Capital Charge ("NPOICC") for the Performance Period. It is the current intention of the Committee that the Committee will exercise its discretion to reduce the number of shares of Restricted Stock that will Vest based on NCR's achievement of NPOICC for the Performance Period as set forth in the following chart, provided, that the Committee reserves the right to deviate from such reduction formula based on achievement of NPOICC and may reduce the number of shares of Restricted Stock that will Vest based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate and/or advisable; provided, however, that it is the intention of the Committee that it will deviate from such reduction formula based on achievement of NPOICC only in extreme and unusual circumstances:

<u>NPOICC Level</u>	<u>Number of Shares Earned (as a % of Restricted Stock Awarded)</u>
Threshold	25%
Target	100%
Maximum	150%

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

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

5. If your employment with NCR terminates prior to your Vesting Date due to: (i) your death; (ii) cessation of active employment by NCR as a result of a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); (iii) Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Committee other than, if applicable to you, for Good Reason (as described below) following a Change in Control (as defined in the Plan)); or (iv) reduction-in-force; then, as soon as reasonably possible following such termination and the end of the Performance Period, but not later than March 15 of the calendar year following the end of the Performance Period, and based upon the Committee's certification of Return on Capital, a pro rata portion of the Restricted Stock will become Vested. The pro rata portion will be determined by calculating the total number of shares you would have received (through Vesting of Restricted Stock) if your NCR employment had not terminated prior to your Vesting Date, and multiplying that number by a fraction, the numerator of which is the number of full and partial months of employment you completed after the date of grant of this award (the "Grant Date"), and the denominator of which is thirty-six months. If your employment terminates prior to your Vesting Date for any reason other than as otherwise described in this Section 5, the Restricted Stock will automatically be forfeited and no shares will be issued.

Notwithstanding any provision in this Agreement to the contrary other than Sections 6, 12, 13, 14 and 19:

(i) in the event a Change in Control occurs on or prior to December 31, 2010 and this restricted stock award is not assumed, converted or replaced by the continuing entity, the Restricted Stock shall Vest immediately prior to the Change in Control (without regard to performance or pro-rata) at the "Target" level;

(ii) in the event a Change in Control occurs after December 31, 2010 and this restricted stock award is not assumed, converted or replaced by the continuing entity, the Restricted Stock shall Vest as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Restricted Stock will Vest immediately prior to the Change in Control (without regard to performance after the Change in

Control or pro-ration) based on actual performance to date as of the last day of the month immediately preceding the month in which the Change in Control occurs, except that if the Change in Control occurs during the first five days of the month, then actual performance to date will be measured as of the last day of the month before the month immediately preceding the month in which the Change in Control occurs, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Restricted Stock will Vest immediately prior to the Change in Control (without regard to pro-ration) based on actual performance during the Performance Period;

(iii) except as otherwise provided in clause (v) below, in the event of a Change in Control on or prior to December 31, 2010 wherein this restricted stock award is assumed, the Restricted Stock will Vest on your Vesting Date (without regard to performance or pro-ration) at the "Target" level, subject to your continued employment through and until your Vesting Date;

(iv) except as otherwise provided in clause (v) below, in the event of a Change in Control after December 31, 2010 wherein this restricted stock award is assumed, the Restricted Stock will Vest as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Restricted Stock will Vest on your Vesting Date (without regard to performance after the Change in Control or pro-ration) based on actual performance to date as of the last day of the month immediately preceding the month in which the Change in Control occurs, except that if the Change in Control occurs during the first five days of the month, then actual performance to date will be measured as of the last day of the month before the month immediately preceding the month in which the Change in Control occurs, in each case subject to your continued employment through and until your Vesting Date, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Restricted Stock will Vest on your Vesting Date (without regard to pro-ration) based on actual performance during the Performance Period, subject to your continued employment through and until your Vesting Date; and

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

then-Vested, the Restricted Stock award shall Vest immediately upon your Termination of Employment at the level specified in clause (iii) or (iv) as applicable.

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

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

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



the Restricted Stock on the stock transfer records of NCR with full power of substitution. You agree to take any and all other actions (including without limitation executing, delivering, performing and filing such other agreements, instruments and documents) as NCR may deem necessary or appropriate to carry out and give effect to the provisions of this Agreement. As soon as practicable after your Vesting Date, subject to Section 11 below, NCR will instruct its transfer agent and/or third party Plan administrator to release the restrictions on your record account and the Restricted Stock will become freely transferable.

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

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

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

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

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

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

12. In exchange for the Restricted Stock, you agree that during your employment with NCR and for a twelve (12) month period after the termination of employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not, yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section 12) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates, or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. If you breach the terms of this Section 12, you agree that in addition to any liability you may have for damages arising from such breach, any Restricted Stock that has not yet Vested will be immediately forfeited, and you will pay to NCR the Fair Market Value of any Restricted Stock that has Vested during the twelve (12) months prior to the date of termination of your employment. Such Fair Market Value shall be determined as of the Vesting Date. If you breach the terms of this Section 12 prior to your Vesting Date but after your employment terminates due to the circumstances described in the first paragraph of Section 5, your award will be forfeited and you will not receive a pro rata portion of the Restricted Stock.

As used in this Section 12, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in

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

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

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 12, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 12, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration. You stipulate to the exclusive jurisdiction and venue of the state and federal courts located in Montgomery County, Ohio, the location from which NCR's equity programs are administered, for any such proceedings.

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

by NCR to you, whether as wages, severance, vacation pay or in the form of any other benefit or for any other reason.

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

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

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

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

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

**2010 Performance Based Restricted Stock Unit Agreement  
NCR 2006 Stock Incentive Plan**

You have been awarded a number of restricted stock units (the "Stock Units") under the NCR Corporation 2006 Stock Incentive Plan, as amended and restated effective December 31, 2008 (the "Plan"), as described on the restricted stock unit information page on the website of the third party Plan administrator for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR"), subject to the terms and conditions of this 2010 Performance Based Restricted Stock Unit Agreement (this "Agreement") and the Plan.

1. Subject to potential reduction as set forth in Section 2 and further subject to the other terms and conditions of this Agreement, one hundred fifty percent of the Stock Units will become nonforfeitable ("Vested") on December 31, 2012 (your "Vesting Date"), provided that (i) the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee") has certified that NCR has achieved the level of Return on Capital (as defined below) described in your award letter for the period from January 1, 2010, through December 31, 2011 (the "Performance Period"), and (ii) you are continuously employed by NCR until your Vesting Date. In all cases, the Committee shall certify whether NCR has achieved the specified level of Return on Capital within seventy (70) days following the end of the Performance Period.

2. The actual number of Stock Units that become Vested based on achieving the level of Return on Capital during the Performance Period described in your award letter may be reduced by the Committee in its sole and absolute discretion based on such factors as the Committee determines to be appropriate and/or advisable including without limitation NCR's achievement of Non-Pension Operating Income Minus Capital Charge ("NPOICC") for the Performance Period. It is the current intention of the Committee that the Committee will exercise its discretion to reduce the number of Stock Units that will Vest based on NCR's achievement of NPOICC for the Performance Period as set forth in the following chart, provided, that the Committee reserves the right to deviate from such reduction formula based on achievement of NPOICC and may reduce the number of Stock Units that will Vest based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate and/or advisable; provided, however, that it is the intention of the Committee that it will deviate from such reduction formula based on achievement of NPOICC only in extreme and unusual circumstances:

<u>NPOICC Level</u>	<u>Stock Units Earned (as a % of Stock Units Awarded)</u>
Threshold	25%
Target	100%
Maximum	150%

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

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

5. Except as may be otherwise provided in Sections 6 or 7 below or pursuant to an election under Section 14(k) of the Plan, any Vested Stock Units will be paid to you within seventy (70) days after the earlier of (i) your Vesting Date, or (ii) your Termination of Employment (as defined in the Plan). Such Vested Stock Units will be paid to you in shares of NCR common stock (such that one Stock Unit equals one share of NCR common stock) or, in NCR's sole discretion, in an amount of cash equal to the Fair Market Value (as defined in the Plan) of such number of shares of NCR common stock as of the Vesting Date (or such earlier date upon which the Stock Units have become Vested pursuant to Section 6 of this Agreement), or a combination thereof.

6. Certain Events Prior to Your Vesting Date.

(a) In the event of your Termination of Employment (as defined in the Plan) with NCR prior to your Vesting Date due to: (i) your death; (ii) cessation of active employment by NCR as a result of a disability for which you qualify for benefits under the NCR Long-Term Disability Plan or another long-term disability plan sponsored by NCR ("Disability"); (iii) Retirement (defined as termination by you of your employment with NCR at or after age 55 with the consent of the Committee other than, if applicable to you, for Good Reason (as described below) following a Change in Control (as defined in the Plan)); or (iv) reduction-in-force; then, based upon the Committee's certification of Return on Capital and any discretionary reduction in the number of Vested Stock Units pursuant to Section 2, a pro rata portion of the Stock Units will become Vested, effective as of the end of the Performance Period or, if later, the date of your Termination of Employment. The pro rata portion will be determined by calculating the total number of shares or cash you would have received (through Vesting of Stock Units) if your NCR employment had not terminated prior to your Vesting Date, and multiplying that number by a fraction, the numerator of which is the number of full and partial months of employment you completed after the date of grant of this award, and the denominator of which is thirty-six months. In the event of your Termination of Employment (as defined in the Plan) with NCR prior to the end of the Performance Period under the circumstances described in this Section 6(a), then, subject to Section 7 below, the pro rata portion of your Vested Stock Units will be paid within seventy (70) days following the end of the Performance Period.

(b) Notwithstanding any provision in this Agreement to the contrary other than Sections 8, 13, 14, 15 and 20:

(i) in the event a Change in Control occurs on or prior to December 31, 2010 and this restricted stock unit award is not assumed, converted or replaced by the continuing entity, the Stock Units shall Vest immediately prior to the Change in Control (without regard to performance or pro-ration) at the "Target" level;

(ii) in the event a Change in Control occurs after December 31, 2010 and this restricted stock unit award is not assumed, converted or replaced by the continuing entity, the Stock Units shall Vest as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Stock Units will Vest immediately prior to the Change in Control (without regard to performance after the Change in Control or pro-ration) based on actual performance to date as of the last day of the month immediately preceding the month in which the Change in Control occurs, except that if the Change in Control occurs during the first five days of the month, then actual performance to date will be measured as of the last day of the month before the month immediately preceding the month in which the Change in Control occurs, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Stock Units will Vest immediately prior to the Change in Control (without regard to pro-ration) based on actual performance during the Performance Period;

(iii) except as provided in Section 6(b)(v), in the event of a Change in Control on or prior to December 31, 2010 wherein this restricted stock unit award is assumed, the Stock Units will Vest on your Vesting Date (without regard to performance or pro-ration) at the "Target" level, subject to your continued employment through and until your Vesting Date;

(iv) except as provided in Section 6(b)(v), in the event of a Change in Control after December 31, 2010 wherein this restricted stock unit award is assumed, the Stock Units shall Vest as follows:

(A) if such Change in Control occurs prior to the end of the Performance Period, the Stock Units will Vest on your Vesting Date (without regard to performance after the Change in Control or pro-ration) based on actual performance to date as of the last day of the month immediately preceding the month in which the Change in Control occurs, except that if the Change in Control occurs during the first five days of the month, then actual performance to date will be measured as of the last day of the month before the month immediately preceding the month in which the Change in Control occurs, in each case subject to your continued employment through and until your Vesting Date, and

(B) if such Change in Control occurs on or after the end of the Performance Period, the Stock Units will Vest on your Vesting Date (without regard to pro-ration) based on actual performance during the Performance Period, subject to your continued employment through and until your Vesting Date; and

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

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

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

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

(b) Payment Delay for Specified Employees. If you are a "specified employee" on the date of your separation from service, as determined under NCR's policy for identifying specified employees, then to the extent required in order to comply with Section 409A of the Code, all payments made under this Agreement that constitute a



“deferral of compensation” within the meaning of Section 409A of the Code that are provided as a result of your “separation from service” within the meaning of Section 409A of the Code for any reason other than your death and that would otherwise be paid or provided during the first six months following such separation from service shall be accumulated through and paid within 30 days after the first business day that is more than six months after the date of your separation from service (or, if you die during such six-month period, within 30 days after your death).

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

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

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

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

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

12. (a) NCR has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the Stock Units, any federal, state or local taxes required by the laws of the United States or any other country to be withheld or paid with respect to the Stock Units, and you or your legal representative or beneficiary will be required to pay any such amounts. Except as otherwise provided in this Section 12, your acceptance of this award of Stock Units constitutes your instruction to NCR and any brokerage firm determined acceptable to NCR for such purpose to sell on your behalf the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR determines to be appropriate to generate cash proceeds sufficient to satisfy such tax withholding requirements. Any such shares of NCR common stock will be sold on the day(s) the requirement to withhold taxes arises (*e.g.*, the date that Stock Units become Vested) or as soon thereafter as practicable. You will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold NCR harmless from any losses, costs, damages, or expenses related to any such sale. You acknowledge that neither NCR nor its designee is under any obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the tax withholding requirements. Accordingly, you agree to pay to NCR as soon as practicable, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the sale of NCR common stock described above. You acknowledge that this Section 12(a) is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is to be interpreted to comply with the requirements of Rule 10b5-1(c), and that you are not aware of any material, nonpublic information with respect to NCR or any securities of NCR as of the date of this Agreement.

(b) Notwithstanding the foregoing, if at the time that any shares of NCR common stock would otherwise be sold to satisfy tax withholding requirements pursuant to Section 12(a) you are an executive officer subject to the provisions of Section 16 of the Exchange Act, you hereby consent and direct that, in lieu of such sale, NCR shall

withhold the whole number of shares of NCR common stock underlying the Vested Stock Units as NCR, in its sole discretion, deems necessary to satisfy such tax withholding requirements, and you agree to pay to NCR, including through additional payroll withholding, any amount of such taxes required to be withheld that is not satisfied by the withholding of common stock described in this Section 12(b).

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

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

As used in this Section 13, "Competing Organization" means (i) an organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and (ii) any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer referenced in subpart (i) of this paragraph is available from the NCR Law Department.

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

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

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 13, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 13, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration. You stipulate to the exclusive jurisdiction and venue of the state and federal courts located in Montgomery County, Ohio, the location from which NCR's equity programs are administered, for any such proceedings.

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

designated by you will be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the shares of NCR common stock underlying the Stock Units in question may be transferred to your estate, in which event NCR will have no further liability to anyone with respect to such shares.

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

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

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

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

**PERSONAL AND CONFIDENTIAL**

March 17, 2010

Mr. Bob Fishman  
NCR Corporation

Dear Bob:

I am pleased to present you with an offer of promotion to Senior Vice President and Chief Financial Officer, effective March 14, 2010 (your "Appointment Date"). The appointment and the following terms are subject to your acceptance of this offer.

**POSITION:** Senior Vice President and Chief Financial Officer

**REPORTS TO:** Bill Nuti, Chief Executive Officer

**APPOINTMENT DATE:** March 14, 2010

**BASE SALARY:** Your annual base salary will be US\$400,000 per year, commencing as of your Appointment Date. You will be paid on a bi-weekly pay schedule, one week in arrears.

**MANAGEMENT INCENTIVE PLAN FOR EXECUTIVE OFFICERS:** You will be eligible to participate in NCR's Management Incentive Plan ("MIP") for the full 2010 calendar year, which provides year-end incentive awards based on the success of NCR in meeting annual performance objectives. You will be eligible for a target incentive award of 100% of your base salary, with a maximum potential payout of 200% of your base salary. You will also be eligible for an additional award of 10% of your base salary based on the achievement of customer success objectives. Each of these award opportunities will be based upon performance objectives established by the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee"), and are subject to the Committee's discretion.

**EQUITY AWARD:** Subject to your acceptance of this offer, you will receive a promotional equity grant with a total value of US\$600,000, to be delivered in Performance-Based Restricted Stock Units, as described below. The effective date of the grant ("Equity Effective Date") will be determined per standard Company practice, but in no event shall this date be prior to your Appointment Date.

**CHANGE IN CONTROL:** You will continue to be eligible to participate in NCR's current Change in Control Severance Plan for Executive Officers in a Tier II position.

Subject to the terms and conditions of that plan, in the event of a qualified termination of employment following a Change-In-Control (as defined in the plan), you will receive a severance benefit of two times your base salary and bonus. This plan is subject to amendment or termination by NCR in accordance with the terms of the plan.

**EXECUTIVE MEDICAL/  
FINANCIAL PROGRAMS:**

Beginning in 2010, and subject to NCR's continuation of the programs, you will be eligible to participate in the Executive Medical Exam Program and the Executive Financial Planning Program. The Executive Medical Exam Program currently provides up to US\$5,000 on an annual basis for progressive, diagnostic analysis by NCR's provider of choice. The Executive Financial Planning Program currently provides an annual payment of US\$12,000, less all applicable taxes, to be used for an executive's individual financial planning needs. Each of these programs is subject to amendment or termination by NCR.

Your future annual performance and compensation, including any future equity awards, will be assessed and determined each year by the Committee, and are subject to approval by the NCR Board of Directors.

Additional information on the offer components is included in Appendix A and Appendix B, which are incorporated by reference into this letter.

This letter reflects the entire agreement regarding the terms and conditions of your employment. This letter, together with the terms and conditions of any equity grant agreements you have previously accepted, supersedes and completely replaces any prior oral or written communication on this subject and your equity awards. This letter is not an employment contract, and should not be construed or interpreted as containing any guarantee of continued employment or employment for a specific term. The employment relationship at NCR is by mutual consent (employment-at-will), and the Company or you may discontinue your employment with or without cause at any time and for any reason or no reason. You acknowledge and agree that your employment with NCR is "at will" and that you may be terminated by NCR at any time, with or without cause.

Bob, I am excited about the contributions, experience and knowledge you have brought to NCR and will continue to bring to NCR in the future. We have assembled some of the best professionals in the industry and are convinced that your expertise will help us further enhance the Company's reputation. Please indicate your acceptance of this offer, including the terms and conditions in Appendices A and B, by signing below and returning to Andrea Ledford.

Sincerely,

William R. Nuti  
Chairman of the Board,  
Chief Executive Officer and President

/s/ Robert Fishman  
\_\_\_\_\_  
Agreed and Accepted

3/17/2010  
\_\_\_\_\_  
Date





## APPENDIX A

**Incentive Plan Awards** (MIP, RfR, SCP, Equity, etc.) – All NCR incentive plans are designed to address the conditions of an ever-changing marketplace, and the company can not make definitive representations concerning the continuation of format or the size of individual awards under the plans. NCR reserves the right to modify or cancel, to the extent permissible under local laws and regulations, each such plan and its terms at any time, at NCR’s sole discretion.

**Annual Performance Assessment** – Your annual performance and compensation, including any future equity awards, will be assessed and determined in Q1 of each year.

**Promotional Equity Award** –

- *Performance-Based Restricted Stock Units*: On the Equity Effective Date, NCR will grant you Performance-Based Restricted Stock Units (the “Units”) (each of which represents a single share of NCR common stock) with a value of \$600,000 US Dollars. The actual number of Units will be determined by taking the value of the award and dividing it by the average closing price of NCR stock during the twenty (20) trading days immediately prior to but not including the Equity Effective Date. The result shall be rounded to the nearest whole unit. The Units are subject to a performance term to be determined by the Committee within the first 90 days of 2010. The Units may also be subject to an additional time-based vesting term commencing the day after the end of the performance term, as determined by the Committee. The number of shares payable upon the vesting of the Units is based on NCR’s performance over the performance term, as determined through the achievement of NCR’s non-pension operating income (NPOI), or such other term(s) or measure(s) as may be established by the Committee. Based on actual company performance and upon certification by the Committee of such performance, you can earn the targeted number of shares (100%). The Units will vest after the end of any and all performance and additional vesting terms, and after certification of the Committee, provided you are still employed by NCR at that time. The Units will also be subject to standard terms and conditions determined by the Committee.

Your equity awards will be issued under the terms of NCR’s Stock Incentive Plan, which is administered by Fidelity Investments®. The specific terms and conditions relating to the awards will be outlined in the award agreements contained on Fidelity’s website. Within several weeks of your Equity Effective Date, your grant should be loaded to Fidelity’s system. You can access your grant at [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com). Please review the grant information carefully, including the grant agreement, and indicate your acceptance by clicking on the appropriate button. If you have questions about your shares, call the Fidelity Stock Plan Services Line at 1-800-544-9354. For questions that Fidelity is unable to answer, contact NCR by e-mail at [global.compensation@ncr.com](mailto:global.compensation@ncr.com).

**Non-Competition** – By accepting this offer of employment, you agree that during your employment with NCR and for a twelve (12) month period after termination of your NCR employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any “Competing Organization” (as defined in this paragraph) to the

extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. For purposes of this letter, "Competing Organization" means any organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same as or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer for 2009, which remains in effect until an updated list is approved, is set forth in Attachment A to this letter.

**Confidentiality and Non-Disclosure** – You agree that during the term of your employment with NCR and thereafter, you will not, except as you deem necessary in good faith to perform your duties hereunder for the benefit of NCR or as required by applicable law, disclose to others or use, whether directly or indirectly, any "Confidential Information" regarding NCR. "Confidential Information" shall mean information about NCR, its subsidiaries and affiliates, and their respective clients and customers that is not available to the general public or generally known in the industry and that was learned by you in the course of your employment by NCR, including (without limitation): (i) any proprietary knowledge, trade secrets, ideas, processes, formulas, sequences, developments, designs, assays and techniques, data, formulae, and client and customer lists and all papers, resumes, records (including computer records); (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; (iii) information regarding the skills and compensation of other employees of NCR, its subsidiaries and affiliates; and (iv) the documents containing such Confidential Information; provided, however, that any provision in any grant or agreement that limits disclosure shall not apply to the extent such information is publicly filed with the Securities and Exchange Commission. You acknowledge that such Confidential Information is specialized, unique in nature and of great value to NCR, and that such information gives NCR a competitive advantage. Upon the termination of your employment for any reason whatsoever, you shall promptly deliver to NCR all documents, slides, computer tapes, drives, storage devices, disks and other media (and all copies thereof) containing any Confidential Information. You will also ensure that after termination of your employment you retain no Confidential Information in computers or devices belonging to you, and will advise NCR if you do have Confidential Information in such locations.

**Breach of Restrictive Covenants** – You acknowledge and agree that the time, territory and scope of the post-employment restrictive covenants in this letter (the non-competition, non-solicitation, non-hire, confidentiality and non-disclosure covenants are hereby collectively referred to as the "Restrictive Covenants") are reasonable and necessary for the protection of NCR's legitimate business interests, and you agree not to challenge the reasonableness of such restrictions. You further acknowledge and agree that you have had a full and fair opportunity to be represented by counsel in this matter and to consider these restrictions prior to your execution of this letter. You further acknowledge and agree that

you have received sufficient and valuable consideration in exchange for your agreement to the Restrictive Covenants, including but not limited to your salary, equity awards and benefits as described in this letter, and all other consideration provided to you under the terms of this letter. You further acknowledge and agree that if you breach the Restrictive Covenants, NCR will sustain irreparable injury and may not have an adequate remedy at law. As a result, you agree that in the event of your breach of any of the Restrictive Covenants, NCR may, in addition to its other remedies, bring an action or actions for injunction, specific performance, or both, and have entered a temporary restraining order, preliminary or permanent injunction, or order compelling specific performance.

**Arbitration** – Any controversy or claim arising under or related in any way to this letter or your employment with NCR (including, but not limited to, any claim of fraud or misrepresentation, any claim regarding the termination of your employment, or any claim with regard to your participation in a Change In Control Severance Plan, if applicable), shall be resolved by arbitration pursuant to this paragraph and the then current rules of the American Arbitration Association. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association, and shall be held at a neutral location, in or near the city where you work or have worked for NCR if you reported into an NCR facility; or if you worked out of your residence, the capital city or the nearest major city in the state in which you reside. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney knowledgeable in employment law. The arbitrator’s decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio, without regard to its conflicts of laws principles. Each party shall bear its own attorney’s fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. This paragraph shall control over any language to the contrary in any applicable Company policy.

**Section 409A of the Code** – While the tax treatment of the payments and benefits provided under this letter is not warranted or guaranteed, it is intended that such payments and benefits shall either be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”). This letter shall be construed, administered and governed in a manner that effects such intent. In particular, and without limiting the foregoing, any reimbursements or in-kind benefits provided under this letter that are taxable benefits (and are not disability pay or death benefit plans within the meaning of Section 409A of the Code) shall be subject to the following rules: (i) any such reimbursements shall be paid no later than the end of the calendar year next following the calendar year in which you incur the reimbursable expenses, (ii) the amount of reimbursable expenses or in-kind benefits that NCR is obligated to pay or provide during any given calendar year shall not affect the amount of reimbursable expenses or in-kind benefits that NCR is obligated to pay or provide during any other calendar year, and (iii) your right to have NCR reimburse expenses or provide in-kind benefits may not be liquidated or exchanged for any other benefit.

Notwithstanding any other provision of this letter, NCR may withhold from any amounts payable hereunder, or any other benefits received pursuant hereto, such minimum federal, state and/or local taxes as shall be required to be withheld under any applicable law or regulation.

**APPENIX B**

**COMPETING ORGANIZATIONS**

For purposes of non-competition provisions in NCR benefit plans that refer to “Competing Organizations” as identified by the Chief Executive Officer each year, the companies identified in the list below are “Competing Organizations” for 2009. This list shall remain in effect until an updated list is approved. Please note this list is not limiting, and the term “Competing Organization” also includes any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers.

Arinc	Hyosung	Radiant
Aurillion	IBM	Retalix
CoinStar/RedBox	IER	Schades-Heipa
Diebold	KAL (Korala Associates)	SITA
EPIC	Kiosk (KIS)	Talaris
Fujitsu	Micros	Tolt
Getronics	Nashua	Unisys
GRG Banking Equipment	NetKey	Wincor
Hewlett Packard	NRT	



1700 South Patterson Boulevard  
Dayton, Ohio 45479

**PERSONAL AND CONFIDENTIAL**

October 27, 2008

John Bruno  
[address omitted]

Dear John:

I am delighted to extend to you an offer of employment with NCR Corporation ("NCR") as Executive Vice President. This offer is contingent upon the approval of NCR's Board of Directors (the "Board"). The Board will confirm the effective date of your appointment (your "Start Date"), which is anticipated to be November 29, 2008. Subject to the approval of the Board, you will be a Section 16 Officer of NCR. This position will be based in New York and will report directly to me and be a member of the NCR leadership team. Other details of the offer are as set forth below.

**Annual Base Salary** – Your annual base salary will be \$750,000 US Dollars per year, commencing as of your Start Date. You will be paid on a bi-weekly pay schedule, one week in arrears.

**Management Incentive Plan for Executive Officers** – Commencing as of your Start Date, you will be eligible to participate in NCR's Management Incentive Plan ("MIP"), which provides year-end incentive awards based on the success of NCR in meeting annual performance objectives. You will be eligible for a target incentive award of 100% of your base salary, with a maximum potential payout of 250% of your base salary. For 2008, which has a payout in March 2009, your award will be pro-rated for the period of time during which you are employed with NCR in 2008. You will not be eligible for the diversity bonus portion of MIP for 2008. Each of these award opportunities will be based upon the Management Incentive Objectives established by the Compensation and Human Resource Committee of the NCR Board of Directors (the "Committee"), and is subject to the Committee's discretion.

Your annual performance and compensation, including any future equity awards, will be assessed and determined each year by the Committee, and are subject to approval by the NCR Board of Directors.

**Sign-On Bonus** – Subject to your acceptance of this offer of employment, you will be paid a \$1,300,000 cash sign-on bonus, subject to all applicable taxes and withholdings obligations. The bonus will be payable 50% as soon as practicable within thirty (30) days after your Start Date and 50% after completion of twelve (12) months of continuous and satisfactory service as an employee of NCR. If you should terminate voluntarily from NCR within eighteen (18) months of your Start Date, you will be required to reimburse NCR in full for the amount disbursed as your sign-on bonus.

**Hiring Equity Award** – Subject to your acceptance of this offer of employment with NCR as Executive Vice President, and subject to the approval of the Committee, you will receive a new hire equity grant with a total value of \$4,000,000 US Dollars, to be delivered 50% in Performance-Based Restricted Stock Units and 50% in Stock Options, as described below. The effective date of the grant (“Equity Effective Date”) will be determined per standard Company practice, but in no event shall this date be prior to your Start Date.

- *Performance-Based Restricted Stock Units:* On the Equity Effective Date, NCR will grant you Performance-Based Restricted Stock Units (the “Units”) (each of which represents a single share of NCR common stock) with a value of \$2,000,000 US Dollars. The actual number of Units will be determined by taking the value of the award and dividing it by the average closing price of NCR stock during the twenty (20) trading days immediately prior to but not including the Equity Effective Date. The result shall be rounded to the nearest whole unit. The number of shares payable upon the vesting of the Units is based on NCR’s performance over a three-year term, commencing January 1, 2009, as determined through the achievement of NCR’s return on capital and cumulative net operating profit goals, or such other measure(s) as may be established by the Committee. Based on actual company performance, participants can earn between 0% and 150% of the targeted number of shares at the end of the three-year cumulative time period and upon certification by the Committee, provided you are still employed by NCR at that time. The Units will be subject to standard terms and conditions determined by the Committee.
- *Stock Options:* On the Equity Effective Date, NCR will grant you nonqualified options to purchase shares of NCR common stock (the “Options”), which Options shall have a value of \$2,000,000 US Dollars. The actual number of Options will be determined by taking the value of the option award and dividing it by the average closing price of NCR stock during the twenty (20) trading days immediately prior to but not including the Equity Effective Date, and then dividing the result by the Black-Scholes value for the calendar year in which the Equity Effective Date occurs, as established by the NCR Controller’s Group. The result shall be rounded to the nearest whole share. The exercise price of each option will be equal to the Fair Market Value (as defined in the NCR Corporation 2006 Stock Incentive Plan, as amended by the Compensation and Human Resource Committee on October 24, 2006) of one such share on the Equity Effective Date. The Options will vest in 25% increments on each of the first four anniversaries of the Equity Effective Date, subject to your continued employment with the Company on each such anniversary date, and will expire upon the tenth anniversary of the Equity Effective Date. The Options will be subject to standard terms and conditions determined by the Committee.

Your equity awards will be issued under the terms of NCR’s Stock Incentive Plan, which is administered by Fidelity Investments®. The specific terms and conditions relating to the awards will be outlined in the award agreements contained on Fidelity’s website. Within several weeks of your Equity Effective Date, your grant should be loaded on to Fidelity’s system. You can access your grant at [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com). Please review the grant information carefully, including the grant agreement, and indicate your acceptance by clicking on the appropriate button. If you have questions about your shares, call the Fidelity Stock Plan Services

**Vacation** – In recognition of your role and prior experience, as of your Start Date you will be eligible for four (4) weeks of paid vacation annually, in addition to the floating holidays provided to NCR employees in the U.S. For the balance of 2008, you will be entitled to a pro-rated number of paid vacation days, based on eligibility for four (4) weeks of annual vacation.

**Executive Medical Exam and Financial Planning Programs** – Beginning in 2009, and subject to NCR's continuation of the programs, you will be eligible to participate in the Executive Medical Exam Program and the Executive Financial Planning Program. The Executive Medical Exam Program currently provides up to \$5,000 on an annual basis for progressive, diagnostic analysis by NCR's provider of choice. The Executive Financial Planning Program currently provides an annual payment of \$12,000, less all applicable taxes, to be used for an executive's individual financial planning needs. Each of these programs is subject to amendment or termination by NCR.

**Change in Control** – As of your Start Date and subject to the approval of the Committee, you will initially be eligible to participate in NCR's current Change in Control Severance Plan for Executive Officers in a Tier I position. Subject to the terms and conditions of that plan, in the event of a qualified termination of employment following a Change-In-Control (as defined in the plan), you will receive a severance benefit of three times your base salary and bonus. Please note, the participation and tiers under this plan are scheduled to be reviewed by the Committee in December 2008 and are subject to change. In addition, this plan is subject to amendment or termination by NCR in accordance with the terms of the plan.

**Other Benefits** – As of your Start Date, you will be eligible to participate in other current executive benefits that are available to Section 16 officers and as otherwise determined by the Committee from time to time. In addition, on your Start Date, you will automatically receive core benefit coverage for yourself, including: health care coverage, dental care coverage, short-term and long-term disability coverage, life insurance coverage, and accidental death and dismemberment insurance coverage. You will then have the opportunity to design your own personalized benefit elections through the company's flexible benefits program. Upon receipt of your signed offer letter and employment documentation, NCR will establish your payroll record which notifies the NCR Benefits Service Center to send a Benefits New Hire Package to your home address. You will have thirty (30) days from the date your benefits package is mailed to make your benefit elections. You also have this same thirty (30) day period to enroll eligible dependents, whose coverage will be made retroactive to your Start Date. Open enrollment is conducted in the Fall of each calendar year. At that time, you will have an opportunity to make benefits elections for the following year.

Additionally, you will be eligible to participate in the NCR Savings Plan (401(k)) and the NCR Employee Stock Purchase Plan. Information about each program will be provided in the Benefits New Hire Package.

**Non-Competition** – By accepting this offer of employment, you agree that commencing on the date of your acceptance of this offer of employment, during your employment with NCR and for a twelve (12) month period after termination of your NCR employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any “Competing Organization” (as defined in this paragraph) to the extent such services or employment involve the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. For purposes of this letter, “Competing Organization” means any organization identified as a Competing Organization by the Chief Executive Officer of NCR at the beginning of the year in which your employment with NCR terminates, and any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same as or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer for 2008 is set forth in Attachment A to this letter.

**Confidentiality and Non-Disclosure** – You agree that commencing on the date of your acceptance of this offer of employment, during the term of your employment with NCR and thereafter, you will not, except as you deem necessary in good faith to perform your duties hereunder for the benefit of NCR or as required by applicable law, disclose to others or use, whether directly or indirectly, any “Confidential Information” regarding NCR. “Confidential Information” shall mean information about NCR, its subsidiaries and affiliates, and their respective clients and customers that is not available to the general public or generally known in the industry and that was learned by you in the course of your employment by NCR, including (without limitation) (i) any proprietary knowledge, trade secrets, ideas, processes, formulas, sequences, developments, designs, assays and techniques, data, formulae, and client and customer lists and all papers, resumes, records (including computer records); (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; (iii) information regarding the skills and compensation of other employees of NCR, its subsidiaries and affiliates; and (iv) the documents containing such Confidential Information; provided, however, that any provision in any grant or agreement that limits disclosure shall not apply to the extent such information is publicly filed with the Securities and Exchange Commission. You acknowledge that such Confidential Information is specialized, unique in nature and of great value to NCR, and that such information gives NCR a competitive advantage. Upon the termination of your employment or other relationship with NCR for any reason



whatsoever, you shall promptly deliver to NCR all documents, slides, computer tapes, drives, storage devices, disks and other media (and all copies thereof) containing any Confidential Information. You will also ensure that after termination of your employment you retain no Confidential Information in computers or devices belonging to you, and will advise NCR if you do have Confidential Information in such locations.

**Breach of Restrictive Covenants** – You acknowledge and agree that the time, territory and scope of the post-employment restrictive covenants in this letter (the non-competition, non-solicitation, non-hire, confidentiality and non-disclosure covenants are hereby collectively referred to as the “Restrictive Covenants”) are reasonable and necessary for the protection of NCR’s legitimate business interests, and you agree not to challenge the reasonableness of such restrictions. You further acknowledge and agree that you have had a full and fair opportunity to be represented by counsel in this matter and to consider these restrictions prior to your execution of this letter. You further acknowledge and agree that you have received sufficient and valuable consideration in exchange for your agreement to the Restrictive Covenants, including but not limited to your salary, equity awards and benefits as described in this letter, and all other consideration provided to you under the terms of this letter. You further acknowledge and agree that if you breach the Restrictive Covenants, NCR will sustain irreparable injury and may not have an adequate remedy at law. As a result, you agree that in the event of your breach of any of the Restrictive Covenants, NCR may, in addition to its other remedies, bring an action or actions for injunction, specific performance, or both, and have entered a temporary restraining order, preliminary or permanent injunction, or order compelling specific performance.

**Arbitration** – Any controversy or claim arising under or related in any way to this letter or your employment with NCR (including, but not limited to, any claim of fraud or misrepresentation, any claim regarding the termination of your employment, or any claim with regard to your participation in a Change In Control Severance Plan, if applicable), shall be resolved by arbitration pursuant to this paragraph and the then current rules of the American Arbitration Association. The arbitration shall be held at a neutral location, in or near a city where you work or have worked for NCR, before a single arbitrator who is an attorney knowledgeable of employment law. The arbitrator’s decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio. Each party shall bear its own attorney’s fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association. Any reimbursement of such other costs and expenses of the arbitration may be made at any time from the Start Date through your remaining lifetime (or, if longer, through the twentieth (20th) anniversary of the Start Date). To the extent that such reimbursement is considered “deferred compensation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), then any such reimbursement must be made no later than the end of the calendar year in which you are declared the prevailing party. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. This paragraph is specific to senior managers and executives in the company, and shall control over any language to the contrary in any applicable Company policy.

***Section 409A of the Code*** – While the tax treatment of the payments and benefits provided under this letter is not warranted or guaranteed, it is intended that such payments and benefits shall either be exempt from, or comply with, the requirements of Section 409A of the Code. This letter shall be construed, administered and governed in a manner that effects such intent. In particular, and without limiting the foregoing, any reimbursements or in-kind benefits provided under this letter that are taxable benefits (and are not disability pay or death benefit plans within the meaning of Section 409A of the Code) shall be subject to the following rules: (i) any such reimbursements shall be paid no later than the end of the calendar year next following the calendar year in which you incur the reimbursable expenses, (ii) the amount of reimbursable expenses or in-kind benefits that NCR is obligated to pay or provide during any given calendar year shall not affect the amount of reimbursable expenses or in-kind benefits that NCR is obligated to pay or provide during any other calendar year, and (iii) your right to have NCR reimburse expenses or provide in-kind benefits may not be liquidated or exchanged for any other benefit.

Notwithstanding any other provision of this letter, NCR may withhold from any amounts payable hereunder, or any other benefits received pursuant hereto, such minimum federal, state and/or local taxes as shall be required to be withheld under any applicable law or regulation.

This offer of employment is contingent on your agreement to the Conditions of Employment outlined in Attachment B, including the requirement of a negative drug screen. By signing this letter, you agree to such Conditions.

This letter reflects the entire agreement regarding the terms and conditions of your employment. Accordingly, it supersedes and completely replaces any prior oral or written communication on this subject. This letter is not an employment contract, and should not be construed or interpreted as containing any guarantee of continued employment or employment for a specific term. The employment relationship at NCR is by mutual consent (employment-at-will), and the Company or you may discontinue your employment with or without cause at any time and for any reason or no reason. You acknowledge and agree that your employment with NCR is “at will” and that you may be terminated by NCR at any time, with or without cause.

John, I am excited about the contributions, experience and knowledge you can bring to NCR. I look forward to you joining my leadership team as we build NCR's future success.

Sincerely,

/s/ William Nuti

William Nuti  
Chief Executive Officer and Chairman of the Board

/s/ John Bruno

Agreed and Accepted  
John Bruno

10/27/08

Date

**ATTACHMENT A  
COMPETING ORGANIZATIONS**

For purposes of non-competition provisions in NCR benefit plans that refer to “Competing Organizations” as identified by the Chief Executive Officer in Q1 of each year, the companies identified in the list below are “Competing Organizations” for 2008. Please note this list is not exclusive, and the term “Competing Organization” also includes any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers.

AirInc.	Hyosung	Pendum
Appleton Paper	IBM	Perto
Aurrlion	Itautec	PSC
Cerner	KAL (Korala Associates)	Quadramed
Datalogic	Kanzaki-Opi Paper	Radiant
DeLa Rue	Kiosk (KIS)	Retalix
Diebold	Koehler Paper	SAP
D.T.	McKesson Corporation	Schades-Heipa
EPIC	Micros	Siemens Healthcare
Epson	Nashua	SITA
Fiserv	NetKey	Tolt
Fujitsu	NSB	Triton
GE Healthcare	Omron	Wincor
Getronics	Oracle	Wipro
Hewlett Packard	Par	

**ATTACHMENT B**  
**CONDITIONS OF EMPLOYMENT**

NCR requires employment candidates to successfully complete various employment documentation and processes. This offer of employment is conditioned upon your satisfying and agreeing to the criteria which follow: drug screening test; education and employment verification; U.S. employment eligibility; NCR consent to collection of personal data; and non-competition and protection of trade secrets. You assume any and all risks associated with terminating any prior or current employment, or making any financial or personal commitments based upon NCR's conditional offer.

**1. Drug Screening Test:**

This offer of employment is conditioned upon your taking a urine drug screen test and our receipt of negative results from that test. By accepting this offer and these conditions, you are giving NCR permission to release the results to NCR designated officials.

**2. Education and Employment Verification:**

This offer of employment is conditioned upon the completion of full reference checks, verification of your education and employment history, and our satisfaction with the results. Depending on job responsibilities, some positions may require that other aspects of your background be verified, such as criminal convictions and driving record.

**3. Employment Eligibility:**

NCR can only hire employees if they are legally entitled to work and remain in the country of the job location. In the United States, NCR abides by the Immigration and Control Act of 1986.

**4. NCR Consent to Collection of Personal Data:**

As a condition of employment you must read, understand and agree to the *NCR Consent to Collection of Personal Data*. The *NCR Consent to Collection of Personal Data* appraises you of NCR personal data collection practices. This document will be provided to you by your Human Resource Consultant.

**5. Non-competition and Protection of Trade Secrets:**

By accepting and signing NCR's offer of employment, you certify to NCR that you are not subject to a non-competition agreement with any company which would preclude or restrict you from performing the NCR position being offered in this letter. We also advise you of NCR's strong policy of respecting the intellectual property rights of other companies. You should not bring with you to your NCR position any documents or materials designated as confidential, proprietary or trade secret by another company, nor in any other way disclose trade secret information while employed by NCR.



1700 South Patterson Boulevard  
Dayton, Ohio 45479

**PERSONAL AND CONFIDENTIAL**

December 28, 2008

Peter Leav  
[address omitted]

Dear Peter:

I am delighted to extend to you an offer of employment with NCR Corporation ("NCR") as Senior Vice President, Worldwide Sales. This offer is contingent upon the approval of NCR's Board of Directors (the "Board"). The Board will confirm the effective date of your appointment (your "Start Date"), which is anticipated to be January 26, 2009. Subject to the approval of the Board, you will be a Section 16 Officer of NCR. This position will be based in New York City and will report directly to me and be a member of the NCR leadership team. Other details of the offer are as set forth below.

**Annual Base Salary** – Your annual base salary will be \$450,000 US Dollars per year, commencing as of your Start Date. You will be paid on a bi-weekly pay schedule, one week in arrears.

**Management Incentive Plan for Executive Officers** – Commencing as of your Start Date, you will be eligible to participate in NCR's Management Incentive Plan ("MIP"), which provides year-end incentive awards based on the success of NCR and each individual executive in meeting annual performance objectives. You will be eligible for a target incentive award of 75% of your base salary, with a maximum potential payout of 187.5% of your base salary. You will also be eligible for an additional target incentive award of 10% of your base salary based upon the company's achievement of customer success metrics. For 2009, which has a payout in March 2010, your award will be pro-rated for the period of time during which you are employed with NCR in 2009. Each of these award opportunities will be based upon the Management Incentive Objectives established by the Compensation and Human Resource Committee of the Board (the "Committee"), and is subject to the Committee's discretion.

Your annual performance and compensation, including any future equity awards, will be assessed and determined each year by the Committee, and are subject to approval by the NCR Board of Directors.

**Hiring Equity Award** – Subject to your acceptance of this offer and subject to the approval of the Committee, you will receive a new hire equity grant with a total value of \$2,000,000 US Dollars, to be delivered 50% in Performance-Based Restricted Stock Units and 50% in Stock Options as described below. The effective date of the grant ("Equity Effective Date") will be determined per standard Company practice, but in no event shall this date be prior to your Start Date.

- **Performance-Based Restricted Stock Units:** On the Equity Effective Date, NCR will grant you Performance-Based Restricted Stock Units (the “Units”) (each of which represents a single share of NCR common stock) with a value of \$1,000,000 US Dollars. The actual number of Units will be determined by taking the value of the award and dividing it by the average closing price of NCR stock during the twenty (20) trading days immediately prior to but not including the Equity Effective Date. The result shall be rounded to the nearest whole unit. The number of shares payable upon the vesting of the Units is based on NCR’s performance over a three-year term, commencing January 1, 2009, as determined through the achievement of NCR’s return on capital and cumulative net operating profit goals, or such other term(s) or measure(s) as may be established by the Committee. You can earn fewer or greater than the targeted number of shares at the end of the term and upon certification by the Committee, provided you are still employed by NCR at that time. The Units will be subject to the terms and conditions determined by the Committee.
- **Stock Options:** On the Equity Effective Date, NCR will grant you nonqualified options to purchase shares of NCR common stock (the “Options”), which Options shall have a value of \$1,000,000 US Dollars. The actual number of Options will be determined by taking the value of the option award and dividing it by the average closing price of NCR stock during the twenty (20) trading days immediately prior to but not including the Equity Effective Date, and then dividing the result by the Black-Scholes value for the calendar year in which the Equity Effective Date occurs, as established by the NCR Controller’s Group. The result shall be rounded to the nearest whole share. The exercise price of each option will be equal to the Fair Market Value (as defined in the NCR Corporation 2006 Stock Incentive Plan, as amended) of one such share on the Equity Effective Date. The Options will vest in 25% increments on each of the first four anniversaries of the Equity Effective Date, subject to your continued employment with the Company on each such anniversary date, and will expire upon the tenth anniversary of the Equity Effective Date. The Options will be subject to the terms and conditions determined by the Committee.

Your equity awards will be issued under the terms of NCR’s Stock Incentive Plan, which is administered by Fidelity Investments®. The specific terms and conditions relating to the awards will be outlined in the award agreements contained on Fidelity’s website. Within several weeks of your Equity Effective Date, your grant should be loaded to Fidelity’s system. You can access your grant at [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com). Please review the grant information carefully, including the grant agreement, and indicate your acceptance by clicking on the appropriate button. If you have questions about your shares, call the Fidelity Stock Plan Services Line at 1-800-544-9354. For questions that Fidelity is unable to answer, contact NCR by e-mail at [global.compensation@ncr.com](mailto:global.compensation@ncr.com).

**Vacation** – In recognition of your role and prior experience, you will be eligible for four (4) weeks of paid vacation annually, in addition to the floating holidays provided to NCR employees in the U.S.

**Relocation Benefits** – You will be expected to relocate to the New York City area within six (6) months of your Start Date. To assist you in this move, and subject to signing a repayment agreement, you will be eligible for certain relocation benefits under NCR’s Executive Relocation

Policy (Plan F), which include a lump sum cash relocation allowance (subject to applicable taxes and withholding obligations), home sale and home purchase assistance, temporary housing, and shipment of household goods. If you should terminate voluntarily from NCR within twelve (12) months of the commencement of your relocation benefits, you will be required to reimburse NCR in full for the amounts disbursed as relocation benefits.

**Executive Medical Exam and Financial Planning Programs** – Beginning in 2009, and subject to NCR’s continuation of the programs, you will be eligible to participate in the Executive Medical Exam Program and the Executive Financial Planning Program. The Executive Medical Exam Program currently provides up to \$5,000 on an annual basis for progressive, diagnostic analysis by NCR’s provider of choice. The Executive Financial Planning Program currently provides an annual payment of \$12,000, less all applicable taxes, to be used for an executive’s individual financial planning needs. Each of these programs is subject to amendment or termination by NCR.

**Change in Control** – Subject to the approval of the Committee, you will be eligible to participate in NCR’s current Change in Control Severance Plan for Executive Officers in a Tier II position. Subject to the terms and conditions of that plan, in the event of a qualified termination of employment following a Change-In-Control (as defined in the plan), you will receive a severance benefit of two times your base salary and bonus. Please note, the participation and tiers under this plan are scheduled to be reviewed by the Committee in early 2009 and are subject to change. In addition, this plan is subject to amendment or termination by NCR in accordance with the terms of the plan.

**Other Benefits** – You will be eligible to participate in other current executive benefits that are available to Section 16 officers and as otherwise determined by the Committee from time to time. In addition, on your Start Date, you will automatically receive core benefit coverage for yourself, including: health care coverage, dental care coverage, short-term and long-term disability coverage, life insurance coverage, and accidental death and dismemberment insurance coverage. You will then have the opportunity to design your own personalized benefit elections through the company’s flexible benefits program. Upon receipt of your signed offer letter and employment documentation, NCR will establish your payroll record which notifies the NCR Benefits Service Center to send a Benefits New Hire Package to your home address. You will have thirty (30) days from the date your benefits package is mailed to make your benefit elections. You also have this same thirty (30) day period to enroll eligible dependents, whose coverage will be made retroactive to your Start Date. Open enrollment is conducted in the Fall of each calendar year. At that time, you will have an opportunity to make benefits elections for the following year.

Additionally, you will be eligible to participate in the NCR Savings Plan (401(k)) and the NCR Employee Stock Purchase Plan. Information about each program will be provided in the Benefits New Hire Package.

**Severance** – In the event of a company-initiated termination of your employment other than for “Cause” (defined as willful and continued failure to perform substantially the duties required or willful engagement in illegal conduct or gross misconduct) within the first two years of your



employment, you will receive a cash severance payment equal to 6 months of your base salary, payable in a lump sum, provided that you execute a release of claims acceptable to NCR.

**Non-Competition** – By accepting this offer of employment, you agree that during your employment with NCR and for a twelve (12) month period after termination of your NCR employment (or if applicable law mandates a maximum time that is shorter than twelve (12) months, then for a period of time equal to that shorter maximum period), regardless of the reason for termination, you will not yourself or through others, without the prior written consent of the Chief Executive Officer of NCR: (a) render services directly or indirectly to, or become employed by, any “Competing Organization” (as defined in this paragraph) to the extent such services or employment involves the development, manufacture, marketing, advertising, sale or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR, its subsidiaries or affiliates, to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (b) directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates or otherwise cease his or her relationship with NCR, its subsidiaries or affiliates; or (c) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR, its subsidiaries or affiliates. For purposes of this letter, “Competing Organization” means any organization identified as a Competing Organization by the Chief Executive Officer of NCR for the year in which your employment with NCR terminates, and any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same as or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers. The list of Competing Organizations identified by the Chief Executive Officer for 2009 is set forth in Attachment A to this letter.

**Confidentiality and Non-Disclosure** – You agree that during the term of your employment with NCR and thereafter, you will not, except as you deem necessary in good faith to perform your duties hereunder for the benefit of NCR or as required by applicable law, disclose to others or use, whether directly or indirectly, any “Confidential Information” regarding NCR. “Confidential Information” shall mean information about NCR, its subsidiaries and affiliates, and their respective clients and customers that is not available to the general public or generally known in the industry and that was learned by you in the course of your employment by NCR, including (without limitation) (i) any proprietary knowledge, trade secrets, ideas, processes, formulas, sequences, developments, designs, assays and techniques, data, formulae, and client and customer lists and all papers, resumes, records (including computer records); (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; (iii) information regarding the skills and compensation of other employees of NCR, its subsidiaries and affiliates; and (iv) the documents containing such Confidential Information; provided, however, that any provision in any grant or agreement that limits disclosure shall not apply to the extent such information is publicly filed with the Securities and Exchange Commission. You acknowledge that such Confidential Information is specialized, unique in nature and of great value to NCR, and that such information gives NCR a competitive advantage.

Upon the termination of your employment for any reason whatsoever, you shall promptly deliver to NCR all documents, slides, computer tapes, drives, storage devices, disks and other media (and all copies thereof) containing any Confidential Information. You will also ensure that after termination of your employment you retain no Confidential Information in computers or devices belonging to you, and will advise NCR if you do have Confidential Information in such locations.

**Breach of Restrictive Covenants** – You acknowledge and agree that the time, territory and scope of the post-employment restrictive covenants in this letter (the non-competition, non-solicitation, non-hire, confidentiality and non-disclosure covenants are hereby collectively referred to as the “Restrictive Covenants”) are reasonable and necessary for the protection of NCR’s legitimate business interests, and you agree not to challenge the reasonableness of such restrictions. You further acknowledge and agree that you have had a full and fair opportunity to be represented by counsel in this matter and to consider these restrictions prior to your execution of this letter. You further acknowledge and agree that you have received sufficient and valuable consideration in exchange for your agreement to the Restrictive Covenants, including but not limited to your salary, equity awards and benefits as described in this letter, and all other consideration provided to you under the terms of this letter. You further acknowledge and agree that if you breach the Restrictive Covenants, NCR will sustain irreparable injury and may not have an adequate remedy at law. As a result, you agree that in the event of your breach of any of the Restrictive Covenants, NCR may, in addition to its other remedies, bring an action or actions for injunction, specific performance, or both, and have entered a temporary restraining order, preliminary or permanent injunction, or order compelling specific performance.

**Arbitration** – Any controversy or claim arising under or related in any way to this letter or your employment with NCR (including, but not limited to, any claim of fraud or misrepresentation, any claim regarding the termination of your employment, or any claim with regard to your participation in a Change In Control Severance Plan, if applicable), shall be resolved by arbitration pursuant to this paragraph and the then current rules of the American Arbitration Association. If you are employed in the United States, the arbitration shall be pursuant to the NCR dispute resolution policy and the then current rules of the American Arbitration Association, and shall be held at a neutral location, in or near a city where you work or have worked for NCR. If you are employed outside the United States, where permitted by local law, the arbitration shall be conducted in the regional headquarters city of the business organization in which you work. The arbitration shall be held before a single arbitrator who is an attorney knowledgeable in employment law. The arbitrator’s decision and award shall be final and binding and may be entered in any court having jurisdiction. For arbitrations held in the United States, issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects shall be interpreted in accordance with the laws of the State of Ohio. Each party shall bear its own attorney’s fees associated with the arbitration and other costs and expenses of the arbitration shall be borne as provided by the rules of the American Arbitration Association. If any portion of this paragraph is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this paragraph. This paragraph is specific to senior managers and executives in the company, and shall control over any language to the contrary in any applicable Company policy.

**Section 409A of the Code** – While the tax treatment of the payments and benefits provided under

this letter is not warranted or guaranteed, it is intended that such payments and benefits shall either be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). This letter shall be construed, administered and governed in a manner that effects such intent. In particular, and without limiting the foregoing, any reimbursements or in-kind benefits provided under this letter that are taxable benefits (and are not disability pay or death benefit plans within the meaning of Section 409A of the Code) shall be subject to the following rules: (i) any such reimbursements shall be paid no later than the end of the calendar year next following the calendar year in which you incur the reimbursable expenses, (ii) the amount of reimbursable expenses or in-kind benefits that NCR is obligated to pay or provide during any given calendar year shall not affect the amount of reimbursable expenses or in-kind benefits that NCR is obligated to pay or provide during any other calendar year, and (iii) your right to have NCR reimburse expenses or provide in-kind benefits may not be liquidated or exchanged for any other benefit.

Notwithstanding any other provision of this letter, NCR may withhold from any amounts payable hereunder, or any other benefits received pursuant hereto, such minimum federal, state and/or local taxes as shall be required to be withheld under any applicable law or regulation.

This offer of employment is contingent on your agreement to the Conditions of Employment outlined in Attachment B, including the requirement of a negative drug screen. By signing this letter, you agree to such Conditions.

This letter reflects the entire agreement regarding the terms and conditions of your employment. Accordingly, it supersedes and completely replaces any prior oral or written communication on this subject. This letter is not an employment contract, and should not be construed or interpreted as containing any guarantee of continued employment or employment for a specific term. The employment relationship at NCR is by mutual consent (employment-at-will), and the Company or you may discontinue your employment with or without cause at any time and for any reason or no reason. You acknowledge and agree that your employment with NCR is "at will" and that you may be terminated by NCR at any time, with or without cause.

Peter, I am excited about the contributions, experience and knowledge you can bring to NCR. I look forward to you joining my leadership team as we build NCR's future success.

Sincerely,

/s/ William Nuti

William Nuti  
Chief Executive Officer and Chairman of the Board

/s/ Peter Leav

Agreed and Accepted  
Peter Leav

January 5, 2009

Date

**ATTACHMENT A  
COMPETING ORGANIZATIONS**

For purposes of non-competition provisions in NCR benefit plans that refer to "Competing Organizations" as identified by the Chief Executive Officer each year, the companies identified in the list below are "Competing Organizations" for 2009. Please note this list is not limiting, and the term "Competing Organization" also includes any other person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to or competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers.

AirInc.	Hyosung	NRT
Aurillion	IBM	Radiant
CoinStar/RedBox	IER	Retalix
Diebold	KAL (Korala Associates)	Schades-Heipa
EPIC	Kiosk (KIS)	SITA
Fujitsu	Micros	Talaris
Getronics	Nashua	Tolt
Hewlett Packard	NetKey	Wincor

**ATTACHMENT B**  
**CONDITIONS OF EMPLOYMENT**

NCR requires employment candidates to successfully complete various employment documentation and processes. This offer of employment is conditioned upon your satisfying and agreeing to the criteria which follow: drug screening test; education and employment verification; U.S. employment eligibility; NCR consent to collection of personal data; and non-competition and protection of trade secrets. You assume any and all risks associated with terminating any prior or current employment, or making any financial or personal commitments based upon NCR's conditional offer.

**1. Drug Screening Test:**

This offer of employment is conditioned upon your taking a urine drug screen test and our receipt of negative results from that test. By accepting this offer and these conditions, you are giving NCR permission to release the results to NCR designated officials.

**2. Education and Employment Verification:**

This offer of employment is conditioned upon the completion of full reference checks, verification of your education and employment history, and our satisfaction with the results. Depending on job responsibilities, some positions may require that other aspects of your background be verified, such as criminal convictions and driving record.

**3. Employment Eligibility:**

NCR can only hire employees if they are legally entitled to work and remain in the country of the job location. In the United States, NCR abides by the Immigration and Control Act of 1986.

**4. NCR Consent to Collection of Personal Data:**

As a condition of employment you must read, understand and agree to the *NCR Consent to Collection of Personal Data*. The *NCR Consent to Collection of Personal Data* appraises you of NCR personal data collection practices. This document will be provided to you by your Human Resource Consultant.

**5. Non-competition and Protection of Trade Secrets:**

By accepting and signing NCR's offer of employment, you certify to NCR that you are not subject to a non-competition agreement with any company which would preclude or restrict you from performing the NCR position being offered in this letter. We also advise you of NCR's strong policy of respecting the intellectual property rights of other companies. You should not bring with you to your NCR position any documents or materials designated as confidential, proprietary or trade secret by another company, nor in any other way disclose trade secret information while employed by NCR.

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

I, William Nuti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NCR Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2010

/s/ William Nuti

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Chairman of the Board, Chief Executive Officer and President

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

I, Robert Fishman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NCR Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2010

/s/ Robert Fishman

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Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NCR Corporation, a Maryland corporation (the "Company"), on Form 10-Q for the period ending March 31, 2010 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

Dated: April 29, 2010

/s/ William Nuti

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William Nuti  
Chairman of the Board, Chief Executive Officer and President

Dated: April 29, 2010

/s/ Robert Fishman

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Robert Fishman  
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to NCR Corporation and will be retained by NCR Corporation and furnished to the United States Securities and Exchange Commission or its staff upon request.