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

FORM 10-Q

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

For the quarterly period ended March 31, 2012

Commission File Number 001-00395

NCR CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

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

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

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

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

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

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"/>

£ (Do not check if a smaller reporting company)

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

As of April 15, 2012, there were approximately 158.8 million shares of common stock issued and outstanding.

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Part I. Financial Information**Item 1. FINANCIAL STATEMENTS**

NCR Corporation
Condensed Consolidated Statements of Operations (Unaudited)

In millions, except per share amounts	Three months ended March 31	
	2012	2011
Product revenue	\$ 570	\$ 458
Service revenue	674	600
Total revenue	1,244	1,058
Cost of products	446	359
Cost of services	500	480
Selling, general and administrative expenses	199	159
Research and development expenses	50	40
Total operating expenses	1,195	1,038
Income from operations	49	20
Interest expense	(9)	—
Other (expense) income, net	(2)	6
Income from continuing operations before income taxes	38	26
Income tax (benefit) expense	(1)	6
Income from continuing operations	39	20
Loss from discontinued operations, net of tax	(9)	(6)
Net income	30	14
Net income attributable to noncontrolling interests	1	1
Net income attributable to NCR	\$ 29	\$ 13
Amounts attributable to NCR common stockholders:		
Income from continuing operations	\$ 38	\$ 19
Loss from discontinued operations, net of tax	(9)	(6)
Net income	\$ 29	\$ 13
Income per share attributable to NCR common stockholders:		
Income per common share from continuing operations		
Basic	\$ 0.24	\$ 0.12
Diluted	\$ 0.23	\$ 0.12
Net income per common share		
Basic	\$ 0.18	\$ 0.08
Diluted	\$ 0.18	\$ 0.08
Weighted average common shares outstanding		
Basic	158.2	159.2
Diluted	162.3	161.7

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three months ended March 31	
	2012	2011
Net income	\$ 30	\$ 14
Other comprehensive income (loss):		
Currency translation adjustments	(1)	11
Unrealized gain (loss) on derivatives	(5)	(9)
Gains (losses) arising during the period	—	—
Less income tax effect	—	2
Unrealized gain (loss) on securities	1	(1)
Gains (losses) arising during the period	—	—
Less income tax effect	—	—
Employee benefit plans		
Prior service benefit during year	—	—
Amortization of prior service benefit	(5)	(3)
Net loss arising during the year	—	—
Actuarial loss included in benefits expense	31	50
Less income tax effect	(6)	(10)
Total comprehensive income	45	54
Less comprehensive income attributable to noncontrolling interests:		
Net income	1	1
Currency translation adjustments	(2)	1
Amounts attributable to noncontrolling interests	(1)	2
Comprehensive income attributable to NCR common stockholders	\$ 46	\$ 52

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	March 31, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	\$ 414	\$ 398
Accounts receivable, net	1,065	1,032
Inventories, net	802	768
Assets held for sale	61	72
Other current assets	336	311
Total current assets	2,678	2,581
Property, plant and equipment, net	298	301
Goodwill	918	913
Intangibles	302	310
Prepaid pension cost	355	339
Deferred income taxes	715	714
Other assets	424	433
Total assets	\$ 5,690	\$ 5,591
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	\$ 18	\$ 1
Accounts payable	582	525
Payroll and benefits liabilities	164	221
Deferred service revenue and customer deposits	503	418
Other current liabilities	406	400
Total current liabilities	1,673	1,565
Long-term debt	809	852
Pension and indemnity plan liabilities	1,667	1,662
Postretirement and postemployment benefits liabilities	256	256
Income tax accruals	128	148
Environmental liabilities	208	220
Other liabilities	56	53
Total liabilities	4,797	4,756
Commitments and contingencies (Note 8)		
Redeemable noncontrolling interest	15	15
Stockholders' equity		
NCR stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of March 31, 2012 and December 31, 2011	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 158.7 and 157.6 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively	2	2
Paid-in capital	300	287
Retained earnings	2,017	1,988
Accumulated other comprehensive loss	(1,475)	(1,492)
Total NCR stockholders' equity	844	785
Noncontrolling interests in subsidiaries	34	35
Total stockholders' equity	878	820
Total liabilities and stockholders' equity	\$ 5,690	\$ 5,591

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Three months ended March 31	
	2012	2011
Operating activities		
Net income	\$ 30	\$ 14
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations	9	6
Depreciation and amortization	41	29
Stock-based compensation expense	11	7
Excess tax benefit from stock-based compensation	—	(1)
Deferred income taxes	6	—
Gain on sale of property, plant and equipment	(1)	(2)
Impairment of long-lived and other assets	3	—
Changes in operating assets and liabilities:		
Receivables	(33)	(17)
Inventories	(34)	(50)
Current payables and accrued expenses	(17)	11
Deferred service revenue and customer deposits	85	62
Employee severance and pension	16	33
Other assets and liabilities	(27)	(43)
Net cash provided by operating activities	89	49
Investing activities		
Expenditures for property, plant and equipment	(13)	(11)
Proceeds from sales of property, plant and equipment	—	2
Additions to capitalized software	(18)	(14)
Other investing activities, net	(2)	—
Net cash used in investing activities	(33)	(23)
Financing activities		
Repurchases of Company common stock	—	(35)
Tax withholding payments on behalf of employees	(9)	—
Excess tax benefit from stock-based compensation	—	1
Proceeds from employee stock plans	7	6
Payments on revolving credit facility	(65)	—
Borrowings on revolving credit facility	40	—
Net cash used in financing activities	(27)	(28)
Cash flows from discontinued operations		
Net cash used in operating activities	(9)	(6)
Net cash used in investing activities	(1)	(14)
Net cash used in discontinued operations	(10)	(20)
Effect of exchange rate changes on cash and cash equivalents	(3)	6
Increase (decrease) in cash and cash equivalents	16	(16)
Cash and cash equivalents at beginning of period	398	496
Cash and cash equivalents at end of period	\$ 414	\$ 480

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Condensed Consolidated Financial Statements have been prepared by NCR Corporation (NCR, the Company, we or us) without audit pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments (consisting of normal, recurring adjustments) 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 2011 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, 2011.

The Company has reported its Entertainment business as a discontinued operation as of March 31, 2012. Accordingly, the results for all periods presented have been reclassified to reflect the business as a discontinued operation and the assets of the business as held for sale.

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

Evaluation of Subsequent Events The Company evaluated subsequent events through the date that our Condensed Consolidated Financial Statements were issued. Except as described in Note 14, "Subsequent Events," no matters were identified that required adjustment of the Condensed Consolidated Financial Statements or additional disclosure.

Reclassifications Certain prior-period amounts have been reclassified in the accompanying Condensed Consolidated Financial Statements and Notes thereto in order to conform to the current period presentation. During the first quarter of 2012, the Company revised its previously issued December 31, 2011 Condensed Consolidated Balance Sheet to adjust redeemable noncontrolling interest and additional paid in capital by \$14 million. The Company concluded that the adjustment was not material to the previously issued financial statements taken as a whole. Including this adjustment, none of the reclassifications affected previously reported net income or net income per common share.

Related Party Transactions In 2011, concurrent with the sale of a noncontrolling interest in our subsidiary, NCR Brasil - Indústria de Equipamentos para Automação S.A., to Scopus Tecnologia Ltda. (Scopus), we entered into a Master Purchase Agreement (MPA) with Banco Bradesco SA (Bradesco), the parent of Scopus. Through the MPA, Bradesco agreed to purchase up to 30,000 ATMs from us over the 5 year term of the agreement. Pricing of the ATMs will adjust over the term of the MPA using certain formulas which are based on prevailing market pricing. In the first quarter of 2012, we recognized \$27 million in revenue related to Bradesco, and as of March 31, 2012, we had \$16 million in receivables outstanding from Bradesco.

Recent Accounting Pronouncements In May 2011, the FASB issued updated guidance related to fair value measurements and disclosures, including (a) the application of the highest and best use valuation premise concepts, (b) measuring the fair value of an instrument classified in a reporting entity's stockholders' equity, and (c) quantitative information required for fair value measurements categorized within Level 3. Additionally, disclosure requirements have been expanded to include additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The guidance applies prospectively, and was effective for the Company beginning January 1, 2012. Other than the change in disclosure, the Company has determined that the adoption of these changes will not have an impact on the Condensed Consolidated Financial Statements.

In June 2011, the FASB issued updated guidance related to the presentation of other comprehensive income, offering two alternatives for presentation: (a) a single continuous statement of comprehensive income; or (b) two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The guidance applies retrospectively, and was effective for the Company beginning January 1, 2012. Other than the change in presentation, these changes did not have an impact on the Condensed Consolidated Financial Statements.

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

2. SUPPLEMENTAL FINANCIAL INFORMATION

The following table provides a reconciliation of total stockholders' equity, stockholders' equity attributable to NCR, and noncontrolling interests in subsidiaries for the three months ended March 31, 2012 and 2011:

In millions	Redeemable Noncontrolling Interests in Subsidiaries	Total Stockholders' Equity	Stockholders' Equity Attributable to NCR	Noncontrolling Interests in Subsidiaries
December 31, 2010	\$—	\$916	\$883	\$33
Net income	—	14	13	1
Other comprehensive income, net of tax:				
Currency translation adjustments	—	11	10	1
Unrealized loss on securities	—	(1)	(1)	—
Unrealized loss on derivatives	—	(7)	(7)	—
Benefit plans, net	—	37	37	—
Comprehensive income	—	54	52	2
Employee stock purchase and stock compensation plans	—	15	15	—
Repurchase of Company common stock	—	(35)	(35)	—
March 31, 2011	\$—	\$950	\$915	\$35
December 31, 2011	\$15	\$820	\$785	\$35
Net income	—	30	29	1
Other comprehensive income, net of tax:				
Currency translation adjustments	—	(1)	1	(2)
Unrealized gain on securities	—	1	1	—
Unrealized loss on derivatives	—	(5)	(5)	—
Benefit plans, net	—	20	20	—
Comprehensive income	—	45	46	(1)
Employee stock purchase and stock compensation plans	—	13	13	—
March 31, 2012	\$15	\$878	\$844	\$34

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

In millions	March 31, 2012	December 31, 2011
Unrealized gain on securities	\$2	\$1
Unrealized loss on derivatives	(5)	—
Unamortized costs associated with pension, postemployment and postretirement benefits	(1,391)	(1,411)
Currency translation adjustments	(81)	(82)
Accumulated other comprehensive loss	\$(1,475)	\$(1,492)

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

The components of inventory are summarized as follows:

In millions	March 31, 2012	December 31, 2011
Inventories, net		
Work in process and raw materials	\$174	\$167
Finished goods	202	171
Service parts	426	430
Total inventories, net	\$802	\$768

3. ACQUISITIONS AND DIVESTITURES

Acquisitions

On February 7, 2012, the Company acquired all of the outstanding capital stock of POS Integrated Solutions Do Brasil Comercio E Servicos De Informatica S.A. ("POS") and RDS South America Comercio E Servicos De Informatica S.A. ("RDS") in exchange for approximately \$1 million in cash, plus related acquisition costs. POS and RDS were resellers of certain of the Company's hardware and software, and their results are reported within our Hospitality segment since the date of the acquisitions. Supplemental pro forma information has not been provided as the acquisitions did not have a material impact on the Company's Condensed Consolidated Statements of Operations.

Divestitures

On February 3, 2012, NCR entered into an Asset Purchase Agreement (the "Agreement") with Redbox Automated Retail, LLC ("Purchaser") pursuant to which NCR will sell certain assets of its Entertainment business (the "Entertainment Business") to Purchaser (the "Transaction"). The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act has expired and the Company expects to close the Transaction in the second quarter of 2012.

Pursuant to the Agreement, at the closing, Purchaser will pay NCR \$100 million in cash (subject to adjustment as provided in the Agreement) for certain assets of the Entertainment Business, including but not limited to, substantially all of NCR's DVD kiosks, certain retailer contracts, select DVD inventory and certain intellectual property relating to the Entertainment Business.

NCR will provide Purchaser with certain short-term support services following the closing under a transition services agreement. The Agreement also contemplates that, for a period of five years following the closing, Purchaser and its affiliates may procure certain hardware, software and services from NCR under a manufacturing and services agreement. If, at the end of such five-year period, Purchaser and its affiliates have not procured hardware, software and services that have yielded \$25 million in margin to NCR, Purchaser will pay the difference to NCR.

During the first quarter of 2012, we classified the Entertainment Business as a discontinued operation. We determined that the cash inflows under the transition services agreement and the manufacturing and services agreement will not constitute significant continuing involvement with the operations of the Entertainment Business after the sale. In addition, the ongoing cash inflows related to the Entertainment Business under the manufacturing and services agreement are substantially unrelated to the business sold. We have reclassified the operating results of the Entertainment Business, for all historical periods, to loss from discontinued operations, net of tax in the accompanying Condensed Consolidated Statements of Operations. We also applied held-for-sale accounting treatment to the assets of the Entertainment Business included in the sale, and, accordingly, included those assets in assets held for sale on our Condensed Consolidated Balance Sheets. The assets held for sale included the following:

In millions	March 31, 2012	December 31, 2011
Property, plant and equipment	\$ 51	\$ 64
Inventory	8	6
Intangible assets	2	2
Total assets held for sale	\$ 61	\$ 72

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

The following table includes the operating results of the Entertainment Business, which we historically included in our Entertainment segment:

In millions	Three months ended March 31	
	2012	2011
Revenue	\$ 35	\$ 36
Operating expenses	54	48
Loss from operations	(19)	(12)
Income tax benefit	7	4
Loss from discontinued operations, net of tax	\$ (12)	\$ (8)

4. DEBT OBLIGATIONS

As of March 31, 2012, the Company's total debt was \$827 million, with \$18 million included in short-term borrowings and \$809 million included in long-term debt. The Company's total debt consists primarily of \$815 million outstanding under the Company's secured credit facility, \$5 million in notes payable originating in the United States and \$5 million related to capital lease obligations, each as described below.

Secured Credit Facility In August 2011, the Company entered into a five-year secured credit facility (the Secured Credit Facility) with JPMorgan Chase Bank, N.A., as administrative agent, and a syndicate of lenders to borrow up to \$1.4 billion. The Secured Credit Facility consists of a term loan facility in an aggregate principal amount of \$700 million, of which \$700 million was outstanding as of March 31, 2012, with \$17.5 million included in short-term borrowings and \$682.5 million included in long-term debt, and a revolving credit facility in an aggregate principal amount of \$700 million, of which \$115 million was outstanding as of March 31, 2012. The revolving credit facility also allows a portion of the availability to be used for outstanding letters of credit, and as of March 31, 2012, outstanding letters of credit totaled approximately \$19 million.

The term loan facility is required to be repaid in quarterly installments of \$17.5 million beginning March 31, 2013, with the balance of \$455 million being due in August 2016. Borrowings under the revolving credit facility are due in August 2016. Amounts outstanding under the Secured Credit Facility bear interest, at the Company's option, at a base rate equal to the highest of (i) the federal funds rate plus 0.50%, (ii) the administrative agent's "prime rate" and (iii) the one-month LIBOR rate plus 1.00% (the Base Rate) or LIBOR, plus a margin ranging from 0.25% to 1.50% for Base Rate-based loans that are either term loans or revolving loans and ranging from 1.25% to 2.50% for LIBOR-based loans that are either term loans or revolving loans, depending on the Company's consolidated leverage ratio. The terms of the Secured Credit Facility also require certain other fees and payments to be made by the Company.

The Company's obligations under the Secured Credit Facility are guaranteed by certain of its wholly-owned domestic subsidiaries. The Secured Credit Facility and these guarantees are secured by a first priority lien and security interest in certain equity interests owned by the Company and the guarantor subsidiaries in certain of their respective domestic and foreign subsidiaries. These security interests will be released when the Company achieves an "investment grade" rating, and will remain released so long as the Company maintains that rating.

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

- a consolidated leverage ratio on the last day of any fiscal quarter, commencing with the fiscal quarter ending December 31, 2011, not to exceed (i) 3.50 to 1.00 for each fiscal quarter ending prior to December 31, 2013, (ii) 3.25 to 1.00 for each fiscal quarter ending on or after December 31, 2013 and prior to December 31, 2014, and (iii) 3.00 to 1.00 for each fiscal quarter ending on or after December 31, 2014 and beyond; and
- an interest coverage ratio of at least (i) 3.50 to 1.00, in the case of any four consecutive fiscal quarters ending prior to December 31, 2013, and (ii) 4.00 to 1.00, in the case of any four consecutive fiscal quarters ending on or after December 31, 2013.

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

The Secured Credit Facility also contains events of default, which are customary for similar financings. Upon the occurrence of an event of default, the lenders may, among other things, terminate the loan commitments, accelerate all loans and require cash collateral deposits in respect of outstanding letters of credit.

The Company may request, at any time and from time to time, but the lenders are not obligated to fund, the establishment of one or more term loans and/or revolving credit facilities with commitments in an aggregate amount not to exceed \$500 million, the proceeds of which can be used for working capital requirements and other general corporate purposes.

In connection with the Secured Credit Facility, the Company deferred approximately \$29 million of debt issuance costs, which are being amortized to interest expense over the life of the debt.

Notes Payable - The \$5 million in notes payable mature in 2020 and bear 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, the terms of which provide NCR with a ten year lease of the facility for manufacturing purposes. Under the terms of the lease agreement, the rental payments made by NCR will be utilized by the Development Authority to repay the principal and interest (at a rate of 5%) of the bonds and NCR will have the option of acquiring the facility for a nominal amount at the end of the lease term. Based on the terms of the lease agreement, the transaction was accounted for as a capital lease, which resulted in the capitalization of the purchase price of the facility as an asset and recording of the capital lease obligation as long-term debt. The unamortized amount of the capital lease obligation included in long-term debt as of March 31, 2012 is \$3 million.

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, 2012 and December 31, 2011, the fair value of debt was \$829 million and \$855 million, respectively.

5. INCOME TAXES

Income tax provisions for interim (quarterly) periods are based on estimated annual income taxes calculated separately from the effect of significant, infrequent or unusual items. Income tax represented a benefit of \$1 million for the three months ended March 31, 2012 compared to expense of \$6 million for the three months ended March 31, 2011. The change in income tax is primarily driven by favorable changes in uncertain tax positions offset by tax on increased income from continuing operations. The change in uncertain tax positions includes a favorable settlement with the Canada Revenue Agency (CRA) for the 2003 tax year which resulted in a \$14 million tax benefit.

Based on recent developments the Company now expects to settle certain tax matters with Japan related to 2001-2006. As of March 31, 2012, we estimate that it is reasonably possible that unrecognized tax benefits may be reduced by \$25 million to \$30 million in the next 12 months due to the resolution of these issues. Of this amount, up to \$18 million could impact the effective tax rate. With the exception of the Japan matter, the Company does not expect any significant changes in unrecognized tax benefits in 2012.

6. STOCK COMPENSATION PLANS

As of March 31, 2012, the Company's primary types of stock-based compensation were restricted stock and stock options. Stock-based compensation expense for the following periods was:

In millions	Three months ended March 31	
	2012	2011
Restricted stock	\$10	\$6
Stock options	1	1
Total stock-based compensation (pre-tax)	11	7
Tax benefit	(3)	(2)
Total stock-based compensation (net of tax)	\$8	\$5

Stock-based compensation expense is recognized in the financial statements based upon fair value. Stock-based compensation

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

expense was higher in the three months ended March 31, 2012, as compared to the three months ended March 31, 2011, due to an increase in the quantity and value of awards granted.

The weighted average fair value of option grants was estimated based on the below weighted average assumptions and was \$7.41 for the three months ended March 31, 2011. There were no stock options granted in the three months ended March 31, 2012.

	Three months ended March 31	
	2012	2011
Dividend yield	—	—
Risk-free interest rate	—	2.17%
Expected volatility	—	41.0%
Expected holding period (years)	—	5.1

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

As of March 31, 2012, the total unrecognized compensation cost of \$73 million related to unvested restricted stock grants is expected to be recognized over a weighted average period of approximately 1.9 years. As of March 31, 2012, the total unrecognized compensation cost of \$4 million related to unvested stock option grants is expected to be recognized over a weighted average period of approximately 1.8 years.

7. EMPLOYEE BENEFIT PLANS

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

In millions	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
	2012	2011	2012	2011	2012	2011
Net service cost	\$—	\$—	\$4	\$4	\$4	\$4
Interest cost	39	45	19	22	58	67
Expected return on plan assets	(28)	(39)	(24)	(27)	(52)	(66)
Amortization of:						
Prior service cost	—	—	1	1	1	1
Actuarial loss	13	29	15	16	28	45
Net benefit cost	\$24	\$35	\$15	\$16	\$39	\$51

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

In millions	Three months ended March 31	
	2012	2011
Interest cost	\$—	\$—
Amortization of:		
Prior service benefit	(4)	(4)
Actuarial loss	1	1
Net postretirement income	\$(3)	\$(3)

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

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

In millions	Three months ended March 31	
	2012	2011
Net service cost	\$6	\$6
Interest cost	2	3
Amortization of:		
Prior service cost	(2)	—
Actuarial loss	3	3
Net benefit cost	\$9	\$12
Restructuring severance cost	(1)	—
Total postemployment cost	<u>\$8</u>	<u>\$12</u>

Employer Contributions

Pension For the three months ended March 31, 2012, NCR contributed approximately \$16 million to its international pension plans and \$2 million to its executive pension plan. In 2012, NCR anticipates contributing \$85 million to its U.S. qualified pension plan; an additional \$104 million to its international pension plans for a total of \$120 million; and an additional \$8 million to its executive pension plan for a total of \$10 million.

Postretirement For the three months ended March 31, 2012, NCR made \$2 million in contributions to its U.S. postretirement plan. NCR anticipates contributing an additional \$5 million to its U.S. postretirement plan for a total of \$7 million in 2012.

Postemployment For the three months ended March 31, 2012, NCR contributed approximately \$8 million to its postemployment plans. NCR anticipates contributing an additional \$52 million to its postemployment plans for a total of \$60 million in 2012.

8. COMMITMENTS AND CONTINGENCIES

In the normal course of business, NCR is subject to various proceedings, lawsuits, claims and other matters, including, for example, those that relate to the environment and health and safety, employee benefits, import/export compliance, intellectual property, data privacy and security, product liability, commercial disputes and regulatory compliance, among others. Additionally, NCR is subject to diverse and complex laws and regulations, including those relating to corporate governance, public disclosure and reporting, environmental safety and the discharge of materials into the environment, product safety, import and export compliance, data privacy and security, antitrust and competition, government contracting, anti-corruption, and labor and human resources, which are rapidly changing and subject to many possible changes in the future. Compliance with these laws and regulations, including changes in accounting standards, taxation requirements, and federal securities laws among others, may create a substantial burden on, and substantially increase costs to NCR or could have an impact on NCR's future operating results. NCR believes the amounts provided in its Condensed Consolidated Financial Statements, as prescribed by GAAP, are currently adequate in light of the probable and estimable liabilities with respect to such matters, but there can be no assurances that the amounts required to satisfy alleged liabilities from such matters will not impact future operating results. Other than as stated below, the Company does not currently expect to incur material capital expenditures related to such matters. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various lawsuits, claims, legal proceedings and other matters, including, but not limited to the Fox River environmental matter and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in NCR's Condensed Consolidated Financial Statements or will not have a material adverse effect on its consolidated results of operations, capital expenditures, competitive position, financial condition or cash flows. Any costs that may be incurred in excess of those amounts provided as of March 31, 2012 cannot currently be reasonably determined, or are not currently considered probable.

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

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participating in this aspect of the investigation, with respect to certain products and services of each of them, and each will assume financial responsibility for its own exposures, if any, without indemnification from the other. At this time, the Company is unable to determine whether it has probable liability with respect to this aspect of the investigation.

In December 2010, a jury in a New York federal court awarded approximately \$8 million, which NCR recognized as selling, general and administrative expense during 2010, to a plaintiff in a suit over a commission arrangement purportedly entered into by the Company's consumables business in 2003. The Company has filed an appeal. See Note 14, "Subsequent Events," for additional information related to this matter.

In relation to a patent infringement case filed by a company known as Automated Transactions, Limited (ATL) the Company agreed to defend and indemnify its customers, 7-Eleven and Cardtronics. On behalf of those customers, the Company won summary judgment in the case in March 2011. ATL has sought appellate review of that ruling. ATL contends that Vcom terminals sold by the Company to 7-Eleven (Cardtronics ultimately purchased the business from 7-Eleven) infringe certain ATL patents that purport to relate to the combination of an ATM with an Internet kiosk, in which a retail transaction can be realized over an Internet connection provided by the kiosk. Independent of the litigation, the U.S. Patent and Trademark Office (USPTO) rejected the parent patent as invalid in view of certain prior art, although related continuation patents were not reexamined by the USPTO. ATL filed a second suit against the same companies with respect to a broader range of ATMs, based on the same patents plus a more recently issued patent; that suit is currently subject to a stay pending resolution of the case in which summary judgment was granted. ATL also filed a third suit against two financial institutions and a reseller in 2009; NCR was a third-party defendant in the case, by virtue of an indemnification complaint filed in 2011. In that third suit, ATL alleges infringement of some of the same patents at issue in the other suits; that action was voluntarily dismissed without prejudice in early 2012. While the Company does not believe that ATL's patent claims are meritorious, if ATL's claims are successful potential royalties or damages could cause the Company to incur liability that could be material to it, and such royalties or damages could adversely impact its ATM business. See Note 14, "Subsequent Events," for additional information related to this matter.

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

NCR is one of eight entities that were formally notified by governmental and other entities (such as local Native American tribes) that they are PRPs for environmental claims under CERCLA and other statutes arising out of the presence of polychlorinated biphenyls (PCBs) in sediments in the lower Fox River and in the Bay of Green Bay in Wisconsin. NCR was identified as a PRP because of alleged PCB discharges from two carbonless copy paper manufacturing facilities it previously owned, which were located along the Fox River. Some parties contend that NCR is also responsible for PCB discharges from paper mills owned by other companies because carbonless paper manufactured by NCR was allegedly purchased by those mills as a raw material for their paper making processes. NCR sold its 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 Canal Corporation, formerly known as Chesapeake Corporation), CBC Corporation (formerly Riverside Paper Corporation), U.S. Paper Mills Corp. (owned by Sonoco Products Company), and Menasha Corporation.

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

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

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downriver of the De Pere Dam (Phase 1 work), pursuant to a consent decree with the Governments that was approved in November 2006.

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

In April 2009, the NCR Board of Directors approved the terms of a contract with Tetra Tech, an environmental remediation contractor, to perform the remediation work at the Fox River consistent with the requirements of the Amended ROD. Also in April 2009, the Board of Directors approved the formation of a limited liability company (LLC), which NCR and API formed on April 27, 2009. The LLC entered into a remediation contract with Tetra Tech on April 27, 2009, and in-water dredging and remediation by Tetra Tech commenced thereafter. The Company and API have funded the LLC's operations on a regular basis tied to the remediation schedule, consistent with the Company's Fox River reserve, discussed below. The Tetra Tech contract also requires that the LLC members provide promissory notes to provide Tetra Tech financial assurance against the prospect that the LLC will terminate the contract before completion of the remediation for reasons other than "cause." The current maximum obligation under the Company's note, originally \$20 million, is now approximately \$15 million; the amount will vary based on a formula tied to conditions set forth in the contract, and generally is expected to decrease over time.

NCR and API share a portion of the cost of the Fox River clean-up and natural resource damages based upon an agreement and an arbitration award, which was subsequently confirmed as a judgment, both arising out of the previously referenced 1978 sale of certain facilities located on the Fox River. The agreement and award result in a 45% share for NCR of the first \$75 million of such costs—a threshold that was reached in 2008—and a 40% share for amounts in excess of \$75 million.

In 2008, NCR and API filed a lawsuit in federal court in Green Bay, Wisconsin, seeking a judicial ruling determining the allocable responsibility of several PRPs for the cost of performing the remedial work at the Fox River (the "allocation litigation"). A number of counterclaims seeking contribution under CERCLA and under various state law theories were filed 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 canceling the Phase I trial and granting motions for summary judgment filed by certain of the defendants with respect to NCR's and API's claims. The court held that NCR and API could not recover from these defendants any costs that NCR and API have incurred in the Fox River cleanup (the ruling does not affect the Governments' potential claims against such parties). In a further ruling dated February 28, 2011, the court granted partial summary judgment to the defendants on certain of their contribution counterclaims against NCR and API, with respect to certain Fox River response costs incurred by them. The Company intends to appeal both rulings to the United States Court of Appeals for the Seventh Circuit, after the remaining claims in the litigation are resolved. A trial in that case took place in February 2012 to address the primary remaining issues in the case, including whether the Company has so-called "arranger" liability in the portion of the Fox River that is upriver of the area where the Company's former facilities were located, the amount of certain insurance setoffs to be applied to the counterclaims, and the amount of recoverable counterclaim damages. Posttrial briefing will take place during the second quarter of 2012, and a decision is expected to be issued in 2012.

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

In March 2012, API, by virtue of its majority voting interest in the LLC, caused the LLC to decline to execute the 2012 remedial action work plan that the Company had submitted to the Governments. The Company had prepared the work plan with the remediation contractor after API, through the LLC, had caused that task to be removed from the contractor's agreed scope of work. Later in March 2012, the federal government filed a motion requesting that the Wisconsin federal court issue a preliminary

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injunction to compel both API and the Company to perform a greater amount of remediation work than was called for by that plan. See Note 14, "Subsequent Events," for additional information related to this matter.

In the quarter ended December 31, 2010, the Governments publicly announced proposed monetary settlements of Fox River - related claims with four entities: GP, Brown County (Wisconsin), the City of Green Bay, and the United States itself (with respect to potential liabilities asserted against the Army Corps of Engineers for certain dredging and disposal activities, and against other federal agencies for certain carbonless copy paper recycling activities). All of those entities are defendants in the allocation litigation case described above. The GP settlement, which has received court approval, releases GP from liability for, and provides contribution protection for claims relating to government oversight costs and certain claims relating to clean-up actions upriver of GP's facilities (it does not affect claims for clean-up actions in that portion of the river near those facilities). The settlement with Brown County, the City of Green Bay and the United States, if approved, would release those entities and provide contribution protection for all claims relating to the Fox River site.

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 approximately 2017, followed by long-term monitoring for several decades—will depend on a number of factors. In general, the most significant factors include: (1) the total clean-up costs for each of the segments of the river; (2) the total natural resource damages for the site; (3) the shares NCR and API will jointly bear of future clean-up costs and natural resource damages; (4) the share NCR will bear of the joint NCR/API payments for such clean-up costs and natural resource damages; and (5) NCR's transaction and litigation costs to defend itself in this matter, including participation in the allocation litigation and the Government enforcement actions. In establishing the reserve, NCR attempts to estimate a range of reasonably possible outcomes for each of these factors, although each range is itself highly uncertain. NCR uses its best estimate within the range, if that is possible. Where there is a range of equally possible outcomes, and there is no amount within that range that is considered to be a better estimate than any other amount, NCR uses the low end of the range. These factors are discussed below.

For the first factor described above, NCR utilizes a best estimate of \$852 million as the total of the clean-up costs for the segments of the river. The estimated total cost amount of \$852 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; an estimate for value engineering savings (potential projects intended to reduce the cost of the remediation) and the NCR-API share of estimated natural resource damages. There can be no assurances that this estimated total cost amount will not be significantly higher as remediation work progresses. A range of reasonably possible outcomes with respect to total cost is difficult to state, but if the portion of the cost estimate relating to the contingency for cost overruns and unexpected expenses were twice our estimate, the total cost would increase to approximately \$898 million.

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

Third, for the NCR/API share of NRD, which is discussed above, NCR uses a best estimate. In a ruling dated September 30, 2011, the Wisconsin federal court ruled that the defendants in the allocation litigation could seek recovery against NCR and API for overpayments of NRD. Whether the federal government is entitled to NRD recovery on behalf of NRD trustees is an issue that is not expected to be determined before late 2012 or 2013.

The joint NCR/API share of future clean-up costs is expected to be determined in the allocation litigation or possibly in or as a result of the Government enforcement action filed in October 2010. NCR has modified the basis previously used for this component of the reserve (in the past, the Company used the low end of a range of outcomes, based primarily on the proximity of areas to be remediated to the locations at which PCBs were released into the river). In light of the Wisconsin federal court's December 16, 2009 and February 28, 2011 rulings described above, NCR's reserve at March 31, 2012 assumed that NCR and API will be responsible for the full extent of the cleanup activities undertaken, which the Company considers a best estimate, and for a substantial portion of the counterclaims filed against NCR and API, as to which the Company employs assumptions based on the court's February 28, 2011 ruling. If, as a result of the February 2012 trial in the allocation litigation, the Company is ruled liable for the claims relating to OU 1, under which claims the Company is alleged to be liable as an arranger for the disposal of hazardous substances, the Company estimates that it would add approximately \$19 million to its net reserve to account for such liability.

The reserve may be further adjusted, depending on the result of the trial discussed above, to reflect any offsets that the court determines to apply to the defendants' counterclaims to account for insurance recoveries they have received, together with any other reductions to the counterclaims determined as a result of the trial. The Company and GP settled and stipulated to the amount

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of insurance offset applicable to GP's counterclaims; offsets, if any, applicable to other parties' counterclaims will be determined by the court. The Company will seek to overturn the trial court's prior summary judgment rulings on appeal and believes that the NCR/API allocable share of total site costs is less than 100%, based on equitable factors, principles of divisibility as developed under applicable law, and/or an apportionment of the claimed harm. Until such time, if any, that such a result is achieved, the Company assumes in its reserve that NCR and API will pay for the full extent of the cleanup, subject to any adjustments resulting from the February 2012 trial. NCR's reserve does not at present assume any payments or reduction of exposure based either on the appeal or on Government enforcement against the other Order recipients or defendants.

Fourth, for the NCR share of the joint NCR/API payments, as discussed above, NCR's percentage share is set by an agreement between NCR and API and a subsequent arbitration award, which was subsequently confirmed as a judgment, both of which arise out of certain agreements entered into in connection with the Company's 1978 sale of the facilities on the Fox River to API. NCR's analysis of this factor assumes that API pays its percentage share of the NCR/API joint share. API has sought to establish that it has no direct CERCLA liability to the Governments, and has moved for reconsideration of the court's December 2011 order to the contrary. The Company believes that even if API is ultimately able to establish that it has no direct liability to the Governments, there would be no effect on API's contractual and judgment-based obligations to contribute to NCR's funding for the remediation. The API obligation to NCR is shared on a joint and several basis by a third party, B.A.T. Industries p.l.c., which, by virtue of various prior indemnification and other agreements not specifically directed to the Fox River matter, is a co-party to the same agreement and arbitration award to which API is also a party. This analysis also assumes that B.A.T. Industries p.l.c. would be financially viable and willing to pay the joint and several obligation if API does not. As a result of unrelated prior corporate transactions, API itself is indemnified by another company, Arjo Wiggins Appleton Ltd. (now known as Windward Prospects Limited), 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 approximately 2017, 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 2008-2013 time period. The costs incurred and expected to be incurred during that period include, in particular, transaction costs and fees related to completion of the design work, equipment purchases, commencement and continuation of clean-up activities in the river, and the allocation litigation and the Government enforcement actions discussed above.

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

As of March 31, 2012, the net reserve for the Fox River matter was approximately \$149 million, compared to \$160 million as of December 31, 2011. The decrease in the reserve is due to payments for clean-up activities. 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, 2012 and December 31, 2011, approximately zero and \$1 million, respectively, remained from this funding and was recorded in other current assets in the Condensed Consolidated Balance Sheets. NCR's reserve for the Fox River matter is reduced as the LLC makes payments to Tetra Tech and other vendors with respect to remediation activities.

Under a 1996 agreement, AT&T and Alcatel-Lucent are responsible severally (not jointly) for indemnifying NCR for certain portions of the amounts paid by NCR for the Fox River matter over a defined threshold. (The agreement governs certain aspects of AT&T Corp.'s divestiture of NCR, then known as AT&T Global Information Solutions Company, and of what was formerly known as Lucent Technologies, and specifically relates to contingent gains and liabilities of the former constituent companies within AT&T.) NCR's estimate of what AT&T and Alcatel-Lucent will pay under the indemnity is recorded as a long-term asset of approximately \$79 million as of March 31, 2012 and December 31, 2011, 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

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recoveries and tax impacts are netted against the asset in proportions specified under the indemnity agreement (i.e., they typically decrease its amount). Insurance recoveries, whether by judgment or settlement, are the subjects of ongoing litigation, which is now nearly concluded, and have the effect of reducing the Company's expected receipts under the indemnity, and therefore insurance recoveries are not expected to materially reduce the Company's aggregate expenditures for the Fox River matter. The tax impact within the indemnity calculation is subject to substantial volatility regarding the Company's effective tax rate from year to year, rendering the future tax impacts highly uncertain. When actual payments, net of insurance recoveries and tax impacts, reach the indemnity threshold, the Company expects to commence collection of the related portions of the asset. The Company currently does not expect to achieve the threshold before late 2012 or 2013.

In connection with the Fox River and other matters, through March 31, 2012, NCR has received a combined total of approximately \$162 million in connection with settlements reached with its principal insurance carriers. Portions of most of these settlements are payable to a law firm that litigated the claims on the Company's behalf. Some of the settlements cover not only the Fox River, but also other environmental sites. Of the total amount collected to date, \$9 million is subject to competing claims by another party, and NCR and the other party have agreed that these funds will be used for Fox River costs and will be shared on an agreed-upon basis (subject to reallocation at a later date). NCR's agreed-upon share of the \$9 million is estimated to be \$4 million.

As of March 31, 2012, NCR had reached settlement with all but one of the insurance companies against which it had advanced claims with respect to the Fox River. That remaining company entered into certain stipulations which obviated the need for a trial and caused judgment to be entered against it in the amount of \$5 million; an appeal is pending.

In November 2010, the United States Environmental Protection Agency (EPA) issued a "general notice letter" to NCR with respect to the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site (Kalamazoo River Site) in Michigan. Three other parties - International Paper, Mead Corporation, and Consumers Energy - also received general notice letters at or about the same time. The EPA asserts that the site is contaminated by various substances, primarily PCBs as a result of discharges by various paper mills located along the river. The EPA does not claim that the Company made direct discharges into the Kalamazoo River, but indicated that "NCR may be liable under Section 107 of CERCLA ... as an arranger, who by contract or agreement, arranged for the disposal, treatment and/or transportation of hazardous substances at the Site." The EPA stated that it "may issue special notice letters to [NCR] and other PRPs for future RI/FS [remedial investigation / feasibility studies] and RD/RA [remedial design / remedial action] negotiations." The Company disagrees that it may have liability at the Kalamazoo River Site, and will dispute such claims if formally asserted by the EPA.

Also in connection with the Kalamazoo River Site, in December 2010 the Company was sued in Wisconsin federal court by three GP entities in a contribution and cost recovery action for alleged pollution at the site. The suit asks that the Company pay a "fair portion" of the GP entities' costs, which are represented as \$79 million to date; various removal and remedial actions remain to be performed at the Kalamazoo site. The suit alleges that the Company is liable as an "arranger" under CERCLA and under other theories. The suit does not allege that the Company has made direct discharges into the Kalamazoo River. Substantial litigation over the Kalamazoo River Site took place several years ago in federal courts in Michigan. The Company was not a party to that litigation, and filed a motion to transfer the December 2010 case to the Michigan federal court; that motion was granted in the quarter ended June 30, 2011, and the Michigan federal court has set the case for trial in February 2013. The Company expects to contest the allegations in the GP suit vigorously. As of March 31, 2012, there are a total of three defendants in the case; the other two defendants have asserted cross-claims against the Company.

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, estimated amounts for attorney and other fees and the nature of required clean-up and restoration actions. Reserves are adjusted as further information develops or circumstances change. Management expects that the amounts reserved from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites. The amounts provided for environmental matters in NCR's Condensed Consolidated Financial Statements are the estimated gross undiscounted amounts of such liabilities, without deductions for 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.

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Guarantees and Product Warranties Guarantees associated with NCR’s business activities are reviewed for appropriateness and impact to the Company’s Condensed Consolidated Financial Statements. As of March 31, 2012 and December 31, 2011, NCR had no material obligations related to such guarantees, and therefore its Condensed Consolidated Financial Statements do not have any associated liability balance.

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

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

In millions	2012	2011
Warranty reserve liability		
Beginning balance as of January 1	\$ 23	\$ 24
Accruals for warranties issued	10	8
Settlements (in cash or in kind)	(10)	(11)
Ending balance as of March 31	<u>\$ 23</u>	<u>\$ 21</u>

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

9. EARNINGS PER SHARE AND SHARE REPURCHASES

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

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

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In millions, except per share amounts	Three months ended March 31	
	2012	2011
Amounts attributable to NCR common stockholders:		
Income from continuing operations	\$ 38	\$ 19
Loss from discontinued operations, net of tax	(9)	(6)
Net income applicable to common shares	29	13
Weighted average outstanding shares of common stock	158.2	159.2
Dilutive effect of employee stock options and restricted stock	4.1	2.5
Common stock and common stock equivalents	162.3	161.7
Earnings per share attributable to NCR common stockholders:		
Basic earnings per share:		
From continuing operations	\$ 0.24	\$ 0.12
From discontinued operations	\$ (0.06)	\$ (0.04)
Net earnings per share (Basic)	\$ 0.18	\$ 0.08
Diluted earnings per share:		
From continuing operations	\$ 0.23	\$ 0.12
From discontinued operations	\$ (0.05)	\$ (0.04)
Net earnings per share (Diluted)	\$ 0.18	\$ 0.08

Options to purchase approximately 2.2 million and 2.6 million shares of common stock for the three months ended March 31, 2012 and 2011, 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 underlying common shares and, therefore, the effect would have been anti-dilutive.

For the three months ended March 31, 2012, the Company did not repurchase any shares of its common stock. For the three months ended March 31, 2011, the Company repurchased approximately 1.8 million shares of its common stock for \$35 million. Upon repurchase, shares are retired.

10. DERIVATIVES AND HEDGING INSTRUMENTS

NCR is exposed to risks associated with changes in foreign currency exchange rates and interest rates. NCR utilizes a variety of measures to monitor and manage these risks, including the use of derivative financial instruments. NCR has exposure to approximately 50 functional currencies. Since a substantial portion of our operations and 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 Sheets. 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 certain subsidiaries, a portion of our forecasted, non-functional currency denominated cash flows for a period of up to 15 months. As a result, some of the impact of currency fluctuations on non-functional currency denominated transactions (and hence on subsidiary operating income, as stated in the functional currency), is mitigated in the near term. The amount we hedge and the duration of hedge contracts may vary significantly. In the longer term (greater than 15 months), the subsidiaries are still subject to the effect of translating the functional currency results to U.S. Dollars. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange forward contracts and option contracts. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by NCR's marketing units and the foreign currency denominated inputs to our manufacturing units. As these transactions are forecasted, the related foreign exchange contracts are designated as highly effective cash flow hedges. The gains or losses on these hedges are deferred in AOCI and reclassified to income when the underlying hedged transaction has been completed and is recorded in earnings. As of March 31,

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

2012, there was no balance in AOCI related to foreign exchange derivative transactions. The gains or losses from derivative contracts related to inventory purchases are recorded in cost of products when the inventory is sold to an unrelated third party.

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

Interest Rate Risk

The Company is party to an interest rate swap agreement that fixes the interest rate on a portion of the Company's LIBOR indexed floating rate borrowings under its Secured Credit Facility through August 22, 2016. The notional amount of the interest rate swap starts at \$560 million and amortizes to \$341 million over the term. The Company designates the interest rate swap as a cash flow hedge of forecasted quarterly interest payments made on three-month LIBOR indexed borrowings under the Secured Credit Facility. The interest rate swap was determined to be highly effective at inception.

Our risk management strategy includes hedging a portion of our forecasted interest payments. These transactions are forecasted and the related interest rate swap agreement is designated as a highly effective cash flow hedge. The gains or losses on this hedge are deferred in AOCI and reclassified to income when the underlying hedged transaction has been completed and is recorded in earnings. As of March 31, 2012, the balance in AOCI related to the interest rate swap agreement was a loss of \$5 million, net of tax.

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

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

In millions	Fair Values of Derivative Instruments					
	March 31, 2012			March 31, 2012		
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
Derivatives designated as hedging instruments						
Interest rate swap	Other current assets	\$ —	\$ —	Other current liabilities	\$ 560	\$ 8
Foreign exchange forward and option contracts	Other current assets	129	1	Other current liabilities	63	1
Total derivatives designated as hedging instruments			\$ 1			\$ 9
Derivatives not designated as hedging instruments						
Foreign exchange forward and option contracts	Other current assets	\$ 165	\$ 1	Other current liabilities	\$ 279	\$ 4
Total derivatives not designated as hedging instruments			1			4
Total derivatives			\$ 2			\$ 13

In millions	Fair Values of Derivative Instruments					
	December 31, 2011			December 31, 2011		
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
Derivatives designated as hedging instruments						
Interest rate swap	Other current assets	\$—	\$—	Other current liabilities	\$560	\$9
Foreign exchange forward and option contracts	Other current assets	166	6	Other current liabilities	58	—
Total derivatives designated as hedging instruments			\$6			\$9
Derivatives not designated as hedging instruments						
Foreign exchange forward and option contracts	Other current assets	\$114	\$—	Other current liabilities	\$70	\$3
Total derivatives not designated as hedging instruments			—			3
Total derivatives			\$6			\$12

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

The effect of derivative instruments on the Condensed Consolidated Statement of Operations for the three months ended March 31, 2012 and 2011 were as follows:

In millions	Amount of Gain (Loss) Recognized in Other Comprehensive Income (OCI) on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from AOCI into the Condensed Consolidated Statement of Operations (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into the Condensed Consolidated Statement of Operations (Effective Portion)		Location of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	For the three months ended March 31, 2012	For the three months ended March 31, 2011		For the three months ended March 31, 2012	For the three months ended March 31, 2011		For the three months ended March 31, 2012	For the three months ended March 31, 2011
Derivatives in Cash Flow Hedging Relationships								
Interest rate swap	\$1	\$—	Interest expense	\$—	\$—	Interest expense	\$—	\$—
Foreign exchange forward and option contracts	\$(6)	\$(9)	Cost of products	\$—	\$—	Other (expense) income, net	\$—	\$—

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, 2012	For the three months ended March 31, 2011
	Foreign exchange forward contracts	Other (expense) income, net	\$(3)	\$(1)
	Foreign exchange forward contracts	Cost of products	\$(3)	\$—

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, 2012, NCR did not have any major concentration of credit risk related to financial instruments.

11. FAIR VALUE OF ASSETS AND LIABILITIES

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities recorded at fair value on a recurring basis as of March 31, 2012 and December 31, 2011 are set forth as follows:

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

In millions	March 31, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Deposits held in money market funds*	\$ 89	\$ 89	\$ —	\$ —
Available for sale securities**	11	11	—	—
Foreign exchange forward and option contracts***	2	—	2	—
Total	\$ 102	\$ 100	\$ 2	\$ —
Liabilities:				
Interest rate swap****	\$ 8	\$ —	\$ 8	\$ —
Foreign exchange forward and option contracts****	5	—	5	—
Total	\$ 13	\$ —	\$ 13	\$ —

In millions	December 31, 2011	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Deposits held in money market funds*	\$ 33	\$ 33	\$ —	\$ —
Available for sale securities**	10	10	—	—
Foreign exchange forward and option contracts***	6	—	6	—
Total	\$ 49	\$ 43	\$ 6	\$ —
Liabilities:				
Interest rate swap****	\$ 9	\$ —	\$ 9	\$ —
Foreign exchange forward and option contracts****	3	—	3	—
Total	\$ 12	\$ —	\$ 12	\$ —

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

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

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

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

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

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

Interest rate swap - As a result of our Secured Credit Facility, we are exposed to risk from changes in LIBOR, which may adversely affect our financial condition. To manage our exposure and mitigate the impact of changes in LIBOR on our financial results, we hedge a portion of our forecasted interest payments through the use of an interest rate swap agreement. The interest rate swap is valued using the income approach inclusive of nonperformance and counterparty risk considerations and is classified within Level 2 of the valuation hierarchy.

Foreign Exchange Forward and Option 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

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

use of foreign exchange forward and option contracts. The foreign exchange forward and option 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

Certain assets have been measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3). NCR reviews the carrying values of investments when events and circumstances warrant and considers all available evidence in evaluating when declines in fair value are other-than-temporary declines. During the first quarter of 2012, we measured the fair value of an investment utilizing the income approach based on the use of discounted cash flows. The discounted cash flows are based on unobservable inputs, including assumptions of projected revenues, expenses, earnings, capital spending, as well as a discount rate determined by management's estimates of risk associated with the investment. As a result, for the three months ended March 31, 2012, we recorded an other-than-temporary impairment charge of \$3 million in other (expense) income, net in the Condensed Consolidated Statements of Operations. As of March 31, 2012, the remaining carrying value of the investment was \$4 million recorded within other assets in the Condensed Consolidated Balance Sheets.

No impairment charges or material non-recurring fair value adjustments were recorded during the three months ended March 31, 2011.

12. SEGMENT INFORMATION AND CONCENTRATIONS

The Company manages and reports its businesses in the following four segments:

- **Financial Services** - We offer solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM and payment processing hardware and software, and related installation, maintenance, and managed and professional services. We also offer a complete line of printer consumables.
- **Retail Solutions** - We offer solutions to customers in the retail industry designed to improve selling productivity and checkout processes as well as increase service levels. These solutions primarily include retail-oriented technologies, such as Point of Sale (POS) terminals and bar-code scanners, as well as innovative self-service kiosks, such as self-checkout. We also offer installation, maintenance, and managed and professional services and a complete line of printer consumables.
- **Hospitality (formerly Hospitality and Specialty Retail)** - We offer technology solutions to customers in the hospitality industry, serving businesses that range from a single restaurant to global chains and the world's largest sports stadiums. Our solutions include Point of Sale (POS) hardware and software solutions, installation, maintenance, and managed and professional services and a complete line of printer consumables.
- **Emerging Industries** - We offer maintenance as well as managed and professional services for third-party computer hardware provided to select manufacturers, primarily in the telecommunications industry, who value and leverage our global service capability. Also included in our Emerging Industries segment are solutions designed to enhance the customer experience for the travel and gaming industries, including self-service kiosks, as well as related installation, maintenance, and managed and professional services.

As of January 1, 2012, the specialty retail customer accounts that were formerly part of the Hospitality and Specialty Retail segment are now included in the Retail Solutions segment, and the hospitality customer accounts that were formerly part of the Retail Solutions segment are now included in the Hospitality segment. As a result, the former Hospitality and Specialty Retail segment has been renamed Hospitality. Prior period information has not been reclassified to conform to the current period presentation, as the change was not considered material.

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

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

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

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

The following table presents revenue and operating income by segment:

In millions	Three months ended March 31	
	2012	2011
Revenue by segment		
Financial Services	\$ 694	\$ 592
Retail Solutions	347	380
Hospitality ⁽²⁾	113	—
Emerging Industries	90	86
Consolidated revenue	1,244	1,058
Operating income by segment		
Financial Services	56	47
Retail Solutions	2	8
Hospitality ⁽²⁾	19	—
Emerging Industries	24	16
Subtotal - segment operating income	101	71
Pension expense	39	51
Other adjustments ⁽¹⁾	13	—
Income from operations	\$ 49	\$ 20

⁽¹⁾ Other adjustments include \$4 million of acquisition related integration costs and \$9 million of acquisition related amortization of intangible assets for the three months ended March 31, 2012.

⁽²⁾ A substantial portion of the Hospitality segment's results relate to operations acquired from the acquisition of Radiant in the quarter ended September 30, 2011.

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

In millions	Three months ended March 31	
	2012	2011
Product revenue	\$ 570	\$ 458
Professional and installation services revenue	189	136
Total solution revenue	759	594
Support services revenue	485	464
Total revenue	\$ 1,244	\$ 1,058

13. DISCONTINUED OPERATIONS

Income (loss) from discontinued operations, net of tax includes activity related to environmental matters, the pending divestiture of our Entertainment Business, the spin-off of Teradata Data Warehousing (Teradata), and the divestiture of our healthcare solutions business.

The income (loss) from discontinued operations for the three months ended March 31 was:

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

In millions	Three months ended March 31, 2012		Three months ended March 31, 2011	
	Pre-Tax	Net of Tax	Pre-Tax	Net of Tax
Environmental matters	\$2	\$1	\$(1)	\$(1)
Pending divestiture of the Entertainment business	(19)	(12)	(12)	(8)
Spin-off of Teradata	—	2	—	4
Divestiture of the Healthcare business	—	—	(2)	(1)
(Loss) income from discontinued operations	\$(17)	\$(9)	\$(15)	\$(6)

Environmental Matters For the three months ended March 31, 2012, income from discontinued operations included a scheduled payment from an insurer in connection with a settlement that had been agreed to in prior years related to the Fox River matter. For the three months ended March 31, 2011, loss from discontinued operations included a scheduled payment from an insurer in connection with a settlement that had been agreed to in prior years related to the Fox River matter, offset by the accrual of legal fees related to the Kalamazoo matter. Refer to Note 8, "Commitments and Contingencies," for additional information regarding the Fox River and Kalamazoo environmental matters.

Pending Divestiture of the Entertainment Business As described in Note 3, "Acquisitions and Divestitures," in February 2012, we entered into an agreement to sell certain assets of our Entertainment Business. During the first quarter of 2012, we accounted for the Entertainment Business as a discontinued operation and as a result, for each period presented, the results of operations and cash flows of the Entertainment Business have been presented as a discontinued operation.

Spin-off of Teradata On September 30, 2007, NCR completed the spin-off of Teradata through the distribution of a tax-free stock dividend to its stockholders. The results of operations and cash flows of Teradata have been presented as a discontinued operation. There was no operating activity related to the spin-off of Teradata in 2012 and 2011. For the three months ended March 31, 2012 and 2011, income from discontinued operations, net of tax, related to favorable changes in uncertain tax benefits attributable to Teradata.

Divestiture of our Healthcare Solutions Business In December 2011, we sold our healthcare solutions business. For each period presented, we have included the results of operations and cash flows of the healthcare solutions business as a discontinued operation.

14. SUBSEQUENT EVENTS

Fox River Environmental Matter In relation to the Fox River environmental matter discussed in Note 8, "Commitments and Contingencies," API's previously reported motion for summary judgment, premised on the argument that API had no direct CERCLA liability at the Fox River, was denied by the Wisconsin federal court in December 2011, but on API's motion for reconsideration of that decision, the court granted API's motion on April 10, 2012, and dismissed the Governments' claims against API in the Government enforcement action. As a result that case will proceed against the Company and the remaining defendants, and the motion for an injunction to compel remediation activity in 2012, originally filed against both the Company and API, will proceed only against the Company. This decision holding that API has no direct CERCLA liability is not expected to have an impact on the Company's net Fox River reserve, as the Company believes that it has no effect on API's contractual and judgment-based obligations to NCR with respect to the Fox River. The federal Government's motion for a preliminary injunction to compel a certain amount of remediation was the subject of an evidentiary hearing before the Wisconsin federal court on April 12, 2012. The court did not decide the matter at the hearing, and has not issued a decision.

Commission Arrangement In relation to the commission arrangement entered into by the Company's Consumables business discussed in Note 8, "Commitments and Contingencies," the appeal from the December 2010 jury verdict was decided adversely to the Company in April 2012.

ATL Litigation In relation to the ATL litigation discussed in Note 8, "Commitments and Contingencies," the appeal relating to certain ATM-related patents was decided in favor of NCR's indemnitees and customers, 7-Eleven and Cardtronics, in April 2012; a favorable ruling was also issued in the related ATL appeal against the USPTO.

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

Overview

The following were the significant events for the first quarter of 2012, each of which is discussed more fully in later sections of this MD&A:

- Revenue increased approximately 18% from the prior year period;
- Strong cash flow growth; operating cash flow of \$89 million and free cash flow of \$48 million; and
- We continue to realize the benefits of our cost reduction initiatives.

In the first quarter of 2012, we continued to pursue our core strategic initiatives to provide maximum value to our stakeholders. These strategic initiatives and actions are as follows:

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

Embedded in the core initiatives, we have an underlying set of strategic imperatives that align with our financial objectives for 2012 and beyond. These imperatives are to deliver disruptive innovation; to emphasize the migration of our revenue to higher margin software and services revenue; and to more fully enable our sales force with a consultative selling model that better leverages the innovation we are bringing to the market.

We expect to continue with these initiatives for the remainder of 2012 and beyond, as we refine our business model and position the Company for growth and profitability.

Results from Operations

Three Months Ended March 31, 2012 Compared to Three Months Ended March 31, 2011

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

In millions	Three months ended March 31	
	2012	2011
Revenue	\$1,244	\$1,058
Gross margin	\$298	\$219
Gross margin as a percentage of revenue	24.0%	20.7%
Operating expenses		
Selling, general and administrative expenses	\$199	\$159
Research and development expenses	50	40
Income from operations	\$49	\$20

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

In millions	Three months ended March 31	
	2012	2011
Product revenue	\$570	\$458
Cost of products	446	359
Product gross margin	\$124	\$99
Product gross margin as a percentage of revenue	21.8%	21.6%
Services revenue	\$674	\$600
Cost of services	500	480
Services gross margin	\$174	\$120
Services gross margin as a percentage of revenue	25.8%	20.0%

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

In millions	2012	% of Total	2011	% of Total	% Increase (Decrease)	% Increase (Decrease) Constant Currency
Americas	\$637	51%	\$465	44%	37%	37%
Europe	298	24%	309	29%	(4)%	(1)%
Asia Middle East Africa (AMEA)	309	25%	284	27%	9%	8%
Consolidated revenue	\$1,244	100%	\$1,058	100%	18%	19%

Revenue

For the three months ended March 31, 2012 compared to the three months ended March 31, 2011, revenue increased 18% due to higher volumes for both product sales and services revenue in the Americas and AMEA theaters. The acquisition of Radiant during the third quarter of 2011 also led to an incremental increase in product sales and services revenue in the Americas theater. Foreign currency fluctuations unfavorably impacted the quarter-over-quarter comparison by 1%. Our product revenue increased 24% and our services revenue increased 12% quarter-over-quarter.

Revenue in the Americas theater increased primarily due to growth in products and services in the financial services and hospitality lines of business, partially offset by declines in the retail solutions line of business. Revenue in the Europe theater decreased slightly due to declines in the retail solutions line of business. Revenue in the AMEA theater increased due to growth in product sales and services revenues in the financial services and retail solutions lines of business.

Gross Margin

Gross margin as a percentage of revenue in the first quarter of 2012 was 24.0% compared to 20.7% in the first quarter of 2011. Product gross margin in the first quarter of 2012 was 21.8% compared to 21.6% in the first quarter of 2011. Product gross margin was negatively impacted by \$5 million of acquisition related amortization of intangibles, or 0.9% as a percentage of product revenue in the first quarter of 2012. After considering the effect of this item, the increase in product gross margin was primarily due to a favorable sales mix coupled with an increase in software revenue. Services gross margin in the first quarter of 2012 was 25.8% compared to 20.0% in the first quarter of 2011. Services gross margin was positively impacted by \$6 million in lower

pension expense, or 0.9% as a percentage of services revenue, period over period. After considering the effect of pension expense, the increase in services gross margin was due to lower labor and service delivery costs and continued focus on overall cost containment.

Effects of Pension, Postemployment, and Postretirement Benefit Plans

Gross margin and operating expenses for the three months ended March 31, 2012 and 2011 were impacted by certain employee benefit plans as shown below:

In millions	Three months ended March 31	
	2012	2011
Pension expense	\$39	\$51
Postemployment expense	8	12
Postretirement benefit	(3)	(3)
Total expense	\$44	\$60

During the three months ended March 31, 2012, NCR incurred \$39 million of pension expense compared to \$51 million in the first quarter of 2011. The decrease in pension expense was primarily due to a reduction in amortization of the actuarial losses for plans which have less than 10% active participants, where the amortization as of January 1, 2012 is now being calculated based on average remaining life expectancy rather than remaining service period. This change reflects our accounting policy for the evolving demographics of our pension plans, and was effective for the U.S. pension and UK London marketing plans beginning in the first quarter of 2012.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$199 million in the first quarter of 2012 as compared to \$159 million in the first quarter of 2011. As a percentage of revenue, these expenses were 16.0% in the first quarter of 2012 compared to 15.0% in the first quarter of 2011. Pension costs included in selling, general, and administrative expenses were \$11 million in the first quarter of 2012 as compared to \$16 million in the first quarter of 2011. Selling, general, and administrative expenses in the first quarter of 2012 also included \$4 million of acquisition related integration costs and \$4 million of acquisition related amortization of intangibles. After considering these items, selling, general and administrative expenses increased as a percentage of revenue primarily due to additional investment in sales resources.

Research and Development Expenses

Research and development expenses were \$50 million in the first quarter of 2012 as compared to \$40 million in the first quarter of 2011. As a percentage of revenue, these costs were 4.0% in the first quarter of 2012 as compared to 3.8% in the first quarter of 2011. Pension costs included in research and development expenses were \$5 million in the first quarter of 2012 as compared to \$6 million in the first quarter of 2011. After considering these items, research and development expenses as a percentage of revenue slightly increased from 3.2% in the first quarter of 2011 to 3.6% in the first quarter of 2012 primarily due to increased spending following the acquisition of Radiant in the third quarter of 2011.

Interest and Other Expense Items

Interest expense was \$9 million in the first quarter of 2012 compared to no interest expense in the first quarter of 2011. The interest expense recognized in the first quarter of 2012 is related to borrowings under the Company's Secured Credit Facility. Other expense, net was \$2 million in the first quarter of 2012 compared to other income, net of \$6 million in the first quarter of 2011. Other expense, net in the first quarter of 2012 includes an impairment charge of an investment and other income, net in the first quarter of 2011 included income from the sale of certain patents and a benefit from final settlement of a litigation matter.

Provision for Income Taxes

Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates calculated separately from the effect of significant or unusual items. Income tax represented a benefit of \$1 million for the three months ended March 31, 2012 compared to a expense of \$6 million for the three months ended March 31, 2011. The change in income tax was primarily driven by favorable changes in uncertain tax positions offset by tax on increased income from continuing operations. The change in uncertain tax positions includes a favorable settlement with the Canada Revenue Agency (CRA) for the 2003 tax year which resulted in a \$14 million tax benefit.

NCR is subject to numerous federal, state and foreign tax audits. While NCR believes that appropriate reserves exist for issues that might arise from these audits, should these audits be settled, the resulting tax effect could impact the tax provision and cash flows in future periods. During 2012, the Company expects to settle certain tax matters with Japan related to 2001 -2006. This resolution could have a material impact on the effective tax rate in 2012.

Income from Discontinued Operations

During the first quarter of 2012, loss from discontinued operations was \$9 million, net of tax, which included \$12 million operating loss from the entertainment business offset by \$2 million benefit from favorable changes in uncertain tax benefits related to Teradata and \$1 million benefit from an insurance recovery from a previously agreed settlement related to the Fox River environmental matter.

Loss from discontinued operations was \$6 million, net of tax, in the first quarter of 2011, which included \$8 million operating loss from the entertainment business, \$1 million operating loss from the healthcare business, \$1 million net loss from environmental matters offset by \$4 million benefit from favorable changes in uncertain tax benefits related to Teradata.

Revenue and Operating Income by Segment

The Company manages and reports its businesses in the following four segments:

- **Financial Services** - We offer solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM and payment processing hardware and software, and related installation, maintenance, and managed and professional services. We also offer a complete line of printer consumables.
- **Retail Solutions** - We offer solutions to customers in the retail industry designed to improve selling productivity and checkout processes as well as increase service levels. These solutions primarily include retail-oriented technologies, such as Point of Sale (POS) terminals and bar-code scanners, as well as innovative self-service kiosks, such as self-checkout. We also offer installation, maintenance, and managed and professional services and a complete line of printer consumables.
- **Hospitality (formerly Hospitality and Specialty Retail)** - We offer technology solutions to customers in the hospitality industry, serving businesses that range from a single restaurant to global chains and the world's largest sports stadiums. Our solutions include Point of Sale (POS) hardware and software solutions, installation, maintenance, and managed and professional services and a complete line of printer consumables.
- **Emerging Industries** - We offer maintenance as well as managed and professional services for third-party computer hardware provided to select manufacturers, primarily in the telecommunications industry, who value and leverage our global service capability. Also included in the Emerging Industries segment are solutions designed to enhance the customer experience for the travel and gaming industries, including self-service kiosks, as well as related installation, maintenance, and managed and professional services.

As of January 1, 2012, the specialty retail customer accounts that were formerly part of the Hospitality and Specialty Retail segment are now included in the Retail Solutions segment, and the hospitality customer accounts that were formerly part of the Retail Solutions segment are now included in the Hospitality segment. As a result, the former Hospitality and Specialty Retail segment has been renamed Hospitality. Prior period information has not been reclassified to conform to the current period presentation, as the change was not considered material.

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

The effect of pension expense on segment operating income, which was \$39 million in the first quarter of 2012 and \$51 million in the first quarter of 2011, has been excluded from the operating income for each reporting segment presented below. Additionally, we have excluded other significant, non-recurring items from our segment operating results. Our segment results are reconciled to total Company results reported under GAAP in Note 12, "Segment Information and Concentrations" of the Notes to Condensed Consolidated Financial Statements.

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

Financial Services Segment

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

In millions	Three months ended March 31	
	2012	2011
Revenue	\$694	\$592
Operating income	\$56	\$47
Operating income as a percentage of revenue	8.1%	7.9%

Financial Services revenue increased 17% during the first quarter of 2012 as compared to the first quarter of 2011. Revenue growth was primarily generated from higher product volumes and services revenue mainly in the Americas and AMEA theaters. Foreign currency fluctuations negatively impacted the quarter-over-quarter revenue comparison by 2%.

Operating income was \$56 million in the first quarter of 2012 as compared to \$47 million in the first quarter of 2011. The improvement in the Financial Services operating income was driven by higher product volumes, including an improved mix of software and services revenue coupled with lower service delivery costs.

Retail Solutions Segment

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

In millions	Three months ended March 31	
	2012	2011
Revenue	\$347	\$380
Operating income	\$2	\$8
Operating income as a percentage of revenue	0.6%	2.1%

Retail Solutions revenue decreased 9% during the first quarter of 2012 as compared to the first quarter of 2011. The decrease in revenue was primarily driven by declines in product sales and services revenue in the Americas and Europe theaters, as well as the impact from the movement of specialty retail and hospitality accounts between the Retail Solutions segment and the Hospitality segment, as described above. These declines were partially offset by increases in product sales and services revenue in the AMEA theater. Foreign currency fluctuations did not impact the quarter-over-quarter revenue comparison.

Operating income was \$2 million in the first quarter of 2012 as compared to \$8 million in the first quarter of 2011. The decrease in the Retail Solutions operating income was primarily due to the decline in revenues and the movement of accounts, as described above.

Hospitality Segment

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

In millions	Three months ended March 31	
	2012	2011
Revenue	\$113	—
Operating income	\$19	—
Operating income as a percentage of revenue	16.8%	—

Hospitality revenue and operating income was \$113 million and \$19 million, respectively. The segment's revenue and operating income is primarily attributed to product volume and services revenue in the Americas theater. The operations acquired from Radiant Systems, Inc. in the third quarter of 2011 comprise a substantial portion of this segment.

Emerging Industries Segment

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

In millions	Three months ended March 31	
	2012	2011
Revenue	\$90	\$86
Operating income	\$24	\$16
Operating income as a percentage of revenue	26.7%	18.6%

Emerging Industries revenue increased 5% during the first quarter of 2012 as compared to the first quarter of 2011. The increase in revenue was driven primarily by higher services revenue in the Americas and Europe theaters. Foreign currency fluctuations favorably impacted the quarter-over-quarter revenue comparison by 1%.

Operating income was \$24 million in the first quarter of 2012 as compared to \$16 million in the first quarter of 2011. The increase in the Emerging Industries operating income was primarily due to improved services mix and lower service delivery costs.

Financial Condition, Liquidity, and Capital Resources

In the three months ended March 31, 2012, cash provided by operating activities increased \$40 million from \$49 million in the three months ended March 31, 2011 to \$89 million in the three months ended March 31, 2012. Cash flow from operations increased due to improvements in operating results.

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

In millions	2012	2011
Net cash provided by operating activities	\$89	\$49
Less: Expenditures for property, plant and equipment	(13)	(11)
Less: Additions to capitalized software	(18)	(14)
Net cash used in discontinued operations	(10)	(20)
Free cash flow (non-GAAP)	\$48	\$4

The increase in net capital expenditures and capitalized software was due to additional investment following the acquisition of Radiant in the prior year. The cash used in discontinued operations was attributable to the operating loss from the entertainment business offset by the impact of insurance recoveries received in connection with a settlement previously agreed related to the Fox River environmental matter.

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

Our financing activities primarily include proceeds from employee stock plans, repurchase of NCR common stock and borrowings and repayments of credit facilities. During the three months ended March 31, 2012 and 2011, proceeds from employee stock plans were \$7 million and \$6 million, respectively. During the three months ended March 31, 2011, we repurchased 1.8 million shares

of NCR common stock for \$35 million. During the three months ended March 31, 2012, we paid \$9 million of tax withholding payments on behalf of employees for stock based awards that vested during the quarter.

Additionally, during the three months ended March 31, 2012, the outstanding principal balance of our term loan facility was \$700 million and the outstanding principal balance of the revolver facility was \$115 million, which decreased from \$140 million as of December 31, 2011 due to net repayments of approximately \$25 million.

Cash and cash equivalents held by the Company's foreign subsidiaries was \$392 million and \$365 million at March 31, 2012 and December 31, 2011, respectively. Under current tax laws and regulations, if cash and cash equivalents and short-term investments held outside the United States are distributed to the United States in the form of dividends or otherwise, we may be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes.

As of March 31, 2012, our cash and cash equivalents totaled \$414 million and our long-term debt was \$809 million. Our ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described in Item 1A of Part I of the Company's 2011 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 7, "Employee Benefit Plans," of the Notes to the Condensed Consolidated Financial Statements, we expect to make pension, postemployment, and postretirement plan contributions of approximately \$282 million in 2012. 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 commenced a plan to substantially reduce future volatility in the value of assets held by its U.S. pension plan by rebalancing the asset allocation to a portfolio entirely composed of 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, debt servicing obligations, 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 obligations as described in our Form 10-K for the year ended December 31, 2011.

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

Critical Accounting Policies and Estimates

Management has reassessed the critical accounting policies as disclosed in our 2011 Form 10-K and determined that there were no changes to our critical accounting policies in the three months ended March 31, 2012. Also, there were no significant changes in our estimates associated with those policies. See Note 8, "Commitments and Contingencies," of the 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 1, "Basis of Presentation and Summary of Significant Accounting Policies" of the Notes to Condensed Consolidated Financial Statements for new accounting pronouncements.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements use words such as "seek," "potential," "expect," "strive," "continue," "continuously," "accelerate," and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could". They include statements as to NCR's anticipated or expected results; future financial performance; projections of revenue, profit growth and other financial items; discussion of strategic initiatives and related actions; comments about NCR's future economic performance; comments about future market or industry performance; and beliefs, expectations, intentions, and strategies, among other things. Forward-looking statements are based on management's current beliefs, expectations and assumptions, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR's control.

Forward-looking statements are not guarantees of future performance, and there are a number of factors, risks and uncertainties that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements. In addition to the factors discussed in this Quarterly Report on Form 10-Q, these other factors, risks and uncertainties include those relating to: domestic and global economic and credit conditions, which could impact the ability of our customers to make

capital expenditures, purchase our products and pay accounts receivable, and drive further consolidation in the financial services sector and reduce our customer base; the financial covenants in our Secured Credit Facility and their impact on our financial and business operations; our indebtedness and the impact that it may have on our financial and operating activities and our ability to incur additional debt; the adequacy of our future cash flows to service our indebtedness; the variable interest rates borne by our indebtedness and the effects of changes in those rates; shifts in market demands, continued competitive factors and pricing pressures and their impact on our ability to improve gross margins and profitability, especially in our more mature offerings; manufacturing disruptions affecting product quality or delivery times; the effect of currency translation; our ability to achieve targeted cost reductions; short product cycles, rapidly changing technologies and maintaining a competitive leadership position with respect to our solution offerings; tax rates; ability to execute our business and reengineering plans; turnover of workforce and the ability to attract and retain skilled employees, especially in light of continued cost-control measures being taken by the company; availability and successful exploitation of new acquisition and alliance opportunities; our ability to sell higher-margin software and services in addition to our hardware; the timely development, production or acquisition and market acceptance of new and existing products and services (such as self-service technologies), including our ability to accelerate market acceptance of new products and services; changes in Generally Accepted Accounting Principles (GAAP) and the resulting impact, if any, on the company's accounting policies; continued efforts to establish and maintain best-in-class internal information technology and control systems; market volatility and the funded status of our pension plans; the success of our pension strategy; compliance with requirements relating to data privacy and protection; expected benefits related to acquisitions and alliances, including the acquisition of Radiant Systems, Inc., not materializing as expected; and other factors detailed from time to time in NCR's U.S. Securities and Exchange Commission reports and NCR's annual reports to stockholders. NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

Foreign Exchange Risk

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

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

For purposes of analyzing potential risk, we use sensitivity analysis to quantify potential impacts that market rate changes may have on the fair values of our hedge portfolio related to firmly committed or forecasted transactions. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction. A 10% appreciation or depreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would result in a corresponding increase or decrease of \$12 million as of March 31, 2012 in the fair value of the hedge portfolio. The Company expects that any increase or decrease in the fair value of the portfolio would be substantially offset by increases or decreases in the underlying exposures being hedged.

The U.S. Dollar was slightly stronger in the first quarter of 2012 compared to the first quarter of 2011 based on comparable

weighted averages for our functional currencies. This had a negative impact of 1% on the first quarter 2012 revenue versus first quarter 2011 revenue. This excludes the effects of our hedging activities and, therefore, does not reflect the actual impact of fluctuations in exchange rates on our operating income.

Interest Rate Risk

We are subject to interest rate risk principally in relation to variable-rate debt. We use derivative financial instruments to manage exposure to fluctuations in interest rates in connection with our risk management policies. We have entered into an interest rate swap for a portion of our Secured Credit Facility. The interest rate swap effectively converts the designated portion of the credit facility from a variable interest rate to a fixed interest rate instrument. Approximately 67% of our borrowings under the credit facility were effectively on a fixed rate basis as of March 31, 2012. As of March 31, 2012, the net fair value of the interest rate swap was a liability of \$8 million.

The potential gain in fair value of the swap from a hypothetical 100 basis point increase in interest rates would be approximately \$20 million as of March 31, 2012. The annual increase in pre-tax interest expense from a hypothetical 100 basis point increase in variable interest rates (including the impact of the interest rate swap) would be approximately \$8 million as of March 31, 2012.

Concentrations of Credit Risk

We are potentially subject to concentrations of credit risk on accounts receivable and financial instruments, such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Our business often involves large transactions with customers for which we do not require collateral. If one or more of those customers were to default in its obligations under applicable contractual arrangements, we could be exposed to potentially significant losses. Moreover, a prolonged downturn in the global economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. We believe that the reserves for potential losses are adequate. As of March 31, 2012, we did not have any significant concentration of credit risk related to financial instruments.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NCR has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) to ensure that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is accumulated and communicated to NCR's management, including its Chief Executive and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation as of the end of the first quarter of 2012, 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, 2012 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 8, "Commitments and Contingencies," of the Notes to Condensed Consolidated Financial Statements in this quarterly report and is incorporated herein by reference.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A of the Company's 2011 Annual Report of Form 10-K.

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

In October 1999, the Company's Board of Directors authorized a share repurchase program that provided for the repurchase of up to \$250 million of its common stock, with no expiration from the date of authorization. On October 31, 2007 and July 28, 2010, the Board authorized the repurchase of an additional \$250 million and \$210 million, respectively, under this share repurchase program. In December 2000, the Board approved a systematic share repurchase program, with no expiration from the date of authorization, to be funded by the proceeds from the purchase of shares under the Company's Employee Stock Purchase Plan and the exercise of stock options, for the purpose of offsetting the dilutive effects of the employee stock purchase plan and outstanding options. As of March 31, 2012, approximately \$179 million and \$16 million remained available for further repurchases of the Company's common stock under the 1999 and 2000 Board of Directors share repurchase programs, respectively.

During the three months ended March 31, 2012, the Company did not repurchase any shares of its common stock. The Company occasionally purchases vested restricted stock shares at the current market price to cover withholding taxes. For the three months ended March 31, 2012, 394,646 shares were purchased at an average price of \$21.42 per share.

Item 6. EXHIBITS

- 2.1 Agreement and Plan of Merger by and among NCR Corporation, Ranger Acquisition Corporation and Radiant Systems, Inc., dated as of July 11, 2011 (incorporated by reference to Exhibit 2.1 from the NCR Corporation Current Report on Form 8-K filed July 12, 2011).
- 2.2 Asset Purchase Agreement, dated as of February 3, 2012, by and between Redbox Automated Retail, LLC and NCR Corporation (portions of which were omitted pursuant to NCR's request for confidential treatment filed with the Securities and Exchange Commission).
- 3.1 Articles of Amendment and Restatement of NCR Corporation as amended May 14, 1999 (incorporated by reference to Exhibit 3.1 from the NCR Corporation Form 10-Q for the period ended June 30, 1999).
- 3.2 Bylaws of NCR Corporation, as amended and restated on January 26, 2011 (Exhibit 3(ii) to the NCR Corporation Current Report on Form 8-K filed January 31, 2011).
- 4.1 Common Stock Certificate of NCR Corporation (incorporated by reference to Exhibit 4.1 from the NCR Corporation Annual Report on Form 10-K for the year ended December 31, 1999).
- 10.1 Second Amendment to the NCR Corporation 2011 Economic Profit Plan, dated January 25, 2012.
- 10.2 Form of 2012 Restricted Stock Unit Award Agreement for Non-Executive Employees under the 2011 Amended and Restated Stock Incentive Plan (formerly the NCR 2006 Stock Incentive Plan, as amended and restated effective as of December 31, 2008 (the "2011 Stock Plan")).
- 10.3 Form of 2012 Restricted Stock Unit Award Agreement for Executives under the 2011 Stock Plan.
- 10.4 Form of 2012 Performance-Based Restricted Stock Unit Award Agreement for Non-Executive Employees under the 2011 Stock Plan.
- 10.5 Form of 2012 Performance-Based Restricted Stock Unit Award Agreement for Executives under the 2011 Stock Plan.
- 31.1 Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, dated April 27, 2012.
- 31.2 Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, dated April 27, 2012.
- 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 27, 2012.
- 101 Financials in XBRL Format.

SIGNATURES

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

NCR CORPORATION

Date: April 27, 2012

By: _____ /s/ Robert Fishman

Robert Fishman
Senior Vice President and Chief Financial Officer

ASSET PURCHASE AGREEMENT

by and among

REDBOX AUTOMATED RETAIL, LLC

and

NCR CORPORATION

**dated as of
February 3, 2012**

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EXHIBITS

Exhibit A	— Form of Assumption and Assignment Agreement
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Exhibit G	— Form of Grant Back Software License Agreement

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of February 3, 2012, by and among NCR Corporation, a Maryland corporation ("**Seller**") and Redbox Automated Retail, LLC, a Delaware limited liability company ("**Buyer**").

RECITALS

A. Seller's operations include Seller's entertainment business, which offers solutions that are dedicated to providing consumers the ability to rent or buy movies, video games and other entertainment media in DVD, Blu-ray, or other disc format at their convenience through the use of Seller owned and operated self-service kiosks (the "**Business**").

B. Seller desires to sell and Buyer desires to buy certain of the assets used or held for use in the operation of the Business, both tangible and intangible, excluding the Excluded Assets (as hereinafter defined), upon the terms and conditions hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the respective representations, warranties, agreements, and conditions hereinafter set forth, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINED TERMS

1.1 **Defined Terms.** The following terms shall have the following meanings in this Agreement:

"**Acquired Assets**" means the tangible and intangible assets specifically listed on Schedule 2.1, but specifically excluding therefrom the Excluded Assets.

"**Affiliate**" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. For purposes of this definition and this Agreement, the term "**control**" (and correlative terms) means the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

"**Applicable Laws**" means all laws, statutes, constitutions, rules, regulations, principals of common law, resolutions, codes, ordinances, requirements, judgments, orders, decrees, injunctions, and writs of any Governmental Entity which has, or which is reasonably likely to have, jurisdiction over the Acquired Assets or the Business, as they may be in effect on or prior to the Closing.

"**Assumed Contracts**" means (a) all Retailer Agreements and (b) the Contracts listed on Schedule 1.1(i), which Schedule shall only be updated upon mutual agreement of Buyer and Seller prior to Closing to add any additional Contracts entered into after the date hereof and prior to the Effective Time;

provided, however, if any Assumed Contract terminates or expires prior to the Effective Time, such Contract shall no longer be deemed an Assumed Contract for purposes of this Agreement following such termination or expiration unless agreed to in a separate writing by Buyer and Seller prior to the Effective Time.

"Assumption Agreement" means the Assumption and Assignment Agreement between Buyer and Seller substantially in the form of Exhibit A.

"Benefit Plan" means any retirement, pension, profit sharing, deferred compensation, stock bonus, savings, bonus, incentive, health and welfare, sick pay, holiday, vacation, severance, change of control, equity, fringe benefit or other employee benefit plan, program, or policy (including any "employee benefit plan," as defined in Section 3(3) of ERISA) or any employment or similar agreement (a) sponsored, maintained or contributed to by Seller or any ERISA Affiliate on behalf of any current or former officer or employee of the Business, or (b) with respect to which Seller has (or could reasonably be expected to have) a material liability.

"Bill of Sale" means the Bill of Sale by Seller to Buyer substantially in the form of Exhibit B.

"Blockbuster License" means that certain Trademark Usage License between the BB 2009 Trust and Seller dated on or about March 2, 2009.

"business day" means any other day than (a) a Saturday or Sunday or (b) a day on which commercial banks in the State of Delaware are authorized or required to be closed.

"Buyer Indemnified Costs" means (a) any and all Buyer Indemnified Representation Costs; and (b) any and all Buyer Indemnified Taxes and any and all Damages incurred by any of the Buyer Indemnified Parties arising out of any Buyer Indemnified Taxes; and (c) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of Seller's ownership, operation or use of any of the Acquired Assets or the Business at or prior to the Effective Time, but excluding from the Damages under this subsection (c) any and all Assumed Liabilities; and (d) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of any breach or default by Seller of any of the covenants, obligations or agreements under this Agreement; and (e) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of the noncompliance by Seller with any bulk transfer laws applicable to the sale of the Acquired Assets to Buyer; and (f) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of any Excluded Liabilities or any Excluded Contract or Seller's obligations with respect to the Excluded Assets; and (g) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of the Benefit Plans; and (h) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of claims made by an employee or former employee of Seller under any applicable employment laws or employment agreements with Seller, including any relating to the termination by Seller of the employment of any employee in connection with the transactions contemplated by this Agreement; and (i) any and all Damages incurred by any of the Buyer Indemnified Parties arising out of the matters set forth on Schedule 1.1(ii).

"Buyer Indemnified Parties" means Buyer and each officer, director, employee, consultant, stockholder, and Affiliate of Buyer.

"Buyer Indemnified Representation Costs" means any and all Damages that any of the Buyer Indemnified Parties incurs and that arise out of any breach or default by Seller of any of the representations

or warranties under this Agreement.

"Buyer Indemnified Taxes" means any and all Taxes (a) imposed on Seller or for which Seller may otherwise be liable (except for Taxes for which Buyer is responsible pursuant to Section 4.7(c) or Section 4.7(d) and Taxes arising out of the ownership, operation or use of any of the Acquired Assets or the Business after the Effective Time), (b) arising out of the ownership, operation or use of any of the Acquired Assets or the Business at or prior to the Effective Time, (c) specified in Section 2.5(i), and (d) for which Seller is responsible pursuant to Section 4.7(c) or Section 4.7(d).

"Buyer Material Adverse Effect" means any result, occurrence, fact, change, event or effect that, individually or in the aggregate with any such other results, occurrences, facts, changes, events or effects, is or would reasonably be expected to be (whether or not such result, occurrence, fact, change, event or effect has, during the period or at any time in question, manifested itself in Buyer's historical financial statements) materially adverse to the ability of Buyer to timely consummate the transactions contemplated by this Agreement, except to the extent that any such result, occurrence, fact, change, event or effect results or arises from one or more of the following: (i) the announcement of this Agreement or the pendency of the transactions contemplated hereby (including, without limitation, the loss of any employees, suppliers or retailers), the taking of any actions required hereby or the failure to take any action prohibited hereby; (ii) changes in general economic or business conditions, or conditions generally affecting the industry in which the Business is operated; (iii) changes in any financial, banking or securities markets (including disruption thereof and any decline in the price of any security or market index); (iv) acts of terrorism, war or other military conflict, earthquake, fire, storm, flood or other acts of God; and (v) changes in Applicable Laws or GAAP.

"Closing" means the consummation of the transactions contemplated by this Agreement in accordance with the provisions of ARTICLE 6.

"Code" shall mean the United States Internal Revenue Code of 1986, as amended. All references to the Code, U.S. Treasury regulations or other governmental pronouncements shall be deemed to include references to any applicable successor regulations or amending pronouncement.

"Consents" means all consents, approvals, orders, waivers, authorizations or similar requirements of, or registrations, qualifications, designations, declarations or filings with, any Governmental Entity, and all consents, waivers, approvals and similar requirements of third Persons.

"Contracts" means any and all written, oral or other agreements, contracts, subcontracts, settlement agreements, leases, binding understandings, instruments, notes, options, warranties, purchase orders, licenses, sublicenses, insurance policies, Benefit Plans or other binding commitments or arrangements of any nature (including any amendments and other modifications thereto), to which Seller or an Affiliate of Seller is a party or is otherwise bound.

"Customer Data" means all lists, data, records and reports relating to a customer or end user's interaction with the Business, whether through a kiosk, a website, or other social media, including, without limitation, email addresses, customer accounts and account numbers, identification or passwords (if any), customer use history, SMS information, Facebook friends account information and history (to the extent transferable), customer surveys, customer research and market tests and studies, including all such Customer Data with respect to customers of the Business in the United States and Canada. Upon Seller's request,

Buyer shall promptly provide (to the extent reasonable under the circumstances and following appropriate agreement regarding confidentiality) Seller with Customer Data to the extent it is reasonably necessary for Seller to (a) perform its obligations under the Transition Services Agreement or Manufacturing and Services Agreement; (b) respond to any claims, demands or litigation relating to any Excluded Liabilities; or (c) respond to any claims, demands or litigation relating to any Indemnification Claim.

"**Customer Terms**" means any terms and conditions, policies or conditions, including any privacy policies of the Seller, that apply to the collection, transfer or use of any Customer Data.

"**Damages**" means any and all damages, losses, claims, liabilities, demands, Taxes, charges, suits, penalties, costs, and expenses (including court costs, attorneys' fees and other expenses incurred in investigating and preparing for, or otherwise in connection with, any litigation or proceeding); provided, however, that Damages shall not include any special, exemplary or punitive damages, nor the actual or imputed value of the services or time of Buyer's or Seller's employees, officers or directors.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" means any Person that, together with Seller, is or, at any time, was treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA.

"**Excluded Contracts**" means all Contracts that relate to the Acquired Assets or Business that are not Assumed Contracts, including (a) all employment, change of control and severance agreements; (b) all Benefit Plans (and all Contracts related thereto); (c) all Contracts for Indebtedness; (d) any collective bargaining agreement; (e) all Studio Contracts; and (f) all Contracts that have terminated or expired prior to the Closing.

"**GAAP**" means generally accepted accounting principles in the United States.

"**Grant Back Intellectual Property License Agreement**" means the Grant Back Intellectual Property License Agreement between Buyer and Seller substantially in the form of Exhibit D.

"**Grant Back Software License Agreement**" means the Grant Back Software License Agreement between Buyer and Seller substantially in the form of Exhibit G.

"**HSR Act**" means the Hart Scott Rodino Antitrust Improvements Act, as amended.

"**Indebtedness**" means: (a) all indebtedness (including the principal amount thereof or, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) of Seller, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, (b) all deferred indebtedness of Seller for the payment of the purchase price of Acquired Assets, (c) all obligations of Seller to pay rent, licensing fees or revenue shares or other payment amounts under a lease of real or personal property or licensing or other arrangement which is required to be classified as a capital lease or a liability on the face of a balance sheet prepared in accordance with GAAP in accordance with historic past practice, (d) any outstanding reimbursement obligation of Seller with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of Seller, (e) any payment obligation of Seller under any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement

or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks, (f) all indebtedness for borrowed money secured by any Lien existing on property owned by Seller, whether or not indebtedness secured thereby shall have been assumed, (g) all guaranties, endorsements, assumptions and other contingent obligations of Seller in respect of, or to purchase or to otherwise acquire, indebtedness for borrowed money of others, and (h) all premiums, penalties and change of control payments required to be paid or offered in respect of any of the foregoing as a result of the consummation of the transactions contemplated by this Agreement and any other Transaction Document regardless if any of such are actually paid.

"Indemnified Parties" means the Buyer Indemnified Parties or the Seller Indemnified Parties, as the case may be.

"Kiosk(s)" means (a) all of the kiosks associated with the Business, including those that are currently deployed, have been deployed, or have never been deployed (except for kiosks acquired by Seller from DVDPlay, Inc. on December 8, 2009, as identified on Schedule 1.1(iii)) and (b) with regard to the Kiosks, all associated graphics, labels, stickers, signs, rebranding-related materials, internal operating components, work in progress, spares, parts, external monitors, card readers, and RFID readers, except for (x) logos, trademarks, service marks, or other markings or Intellectual Property licensed by Seller pursuant to the Blockbuster License or (y) as set forth on Schedule 1.1(iv).

"Knowledge," "known" or the like means the actual knowledge of each of John Bruno, Justin Hotard, Steve Latham, Pooja Lal, Craig Zwissler, Richard McKenzie, Duane Schroeder, John Schweikert, Jennifer Daniels, Ellen Samuels, and Elise Kirban concerning the subject matter in question following a reasonable inquiry, to the extent such subject matter is in such individual's area of responsibility in connection with such individual's employment with Seller, such inquiry having been completed by each named individual.

"Licensed Intellectual Property" means all Intellectual Property set forth on Schedule 1.1(v).

"Liens" means all liens, pledges, claims, security interests, restrictions, mortgages, deeds of trust, tenancies, possessory interests, conditional sale or other title retention agreements, assessments, easements, covenants, rights of first refusal, burdens, options or encumbrances of any kind other than (a) liens for Taxes not yet due and payable, (b) liens of landlords, carriers, warehousemen, mechanics and materialmen that have arisen in the ordinary course of business for sums not yet due and payable, and (c) the IP Encumbrances.

"Manufacturing and Services Agreement" means an agreement for custom manufacturing and other services between Seller and Buyer or an Affiliate of Buyer in form and substance mutually agreeable to Buyer and Seller pursuant to which Buyer or an Affiliate of Buyer shall procure from Seller certain hardware, software, and related services relating to, among other things, custom manufacturing and design services.

"Material Adverse Effect" means any result, occurrence, fact, change, event or effect that, individually or in the aggregate with any such other results, occurrences, facts, changes, events or effects, is or would reasonably be expected to be (whether or not such result, occurrence, fact, change, event or effect has, during the period or at any time in question, manifested itself in Seller's historical financial statements) materially adverse to (a) the Acquired Assets taken as a whole or (b) the ability of Seller to timely consummate the transactions contemplated by this Agreement, except to the extent that any such

result, occurrence, fact, change, event or effect results or arises from one or more of the following: (i) the announcement of this Agreement or the pendency of the transactions contemplated hereby (including, without limitation, the loss of any employees, suppliers, or retailers), the taking of any actions required hereby or the failure to take any action prohibited hereby; (ii) changes in general economic or business conditions, or conditions generally affecting the industry in which the Business is operated; (iii) changes in any financial, banking or securities markets (including disruption thereof and any decline in the price of any security or market index); (iv) acts of terrorism, war or other military conflict, earthquake, fire, storm, flood or other acts of God; and (v) changes in Applicable Laws or GAAP.

"Patent License Agreement" means the Patent License Agreement substantially in the form of Exhibit C.

"Person" means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization, or other entity.

"Personal Property" means the tangible and intangible personal property owned by Seller and used or held for use primarily in connection with the Business, specifically including, among other things: (a) the Kiosks; (b) all DVD inventory (inclusive of Blu-Ray but excluding all video game discs), including cases and RFID tags; and (c) the other assets listed on Schedule 1.1(vi), except the property listed on Schedule 1.1(vii).

"Purchased Intellectual Property" means all Intellectual Property set forth on Schedule 1.1(viii).

"Reseller Agreement" means the Reseller Agreement substantially in the form of Exhibit F hereto.

"Retailer Agreements" means all of the contracts with retailers listed on Schedule 1.1(ix).

"Schedules" means the Schedules attached hereto.

"Seller Indemnified Costs" means (a) any and all Seller Indemnified Representation Costs; and (b) any and all Seller Indemnified Taxes and any and all Damages incurred by any of the Seller Indemnified Parties arising out of any Seller Indemnified Taxes; and (c) any and all Damages incurred by any of the Seller Indemnified Parties arising out of Buyer's ownership, operation or use of any of the Acquired Assets or the Business after the Effective Time, but excluding from the Damages under this subsection (c) any and all Excluded Liabilities; and (d) any and all Damages incurred by any of the Seller Indemnified Parties arising out of any breach or default by Buyer of any of the covenants, obligations or agreements under this Agreement; and (e) any and all Damages incurred by any of the Seller Indemnified Parties arising out of any Assumed Contract following assumption thereof by Buyer (including following assignment thereof as provided in Section 4.14) or failure of Buyer to pay or perform the Assumed Liabilities, but excluding from the Damages under this subsection (e) any and all Excluded Liabilities.

"Seller Indemnified Parties" means Seller and each officer, director, employee, consultant, stockholder, and Affiliate of Seller.

"Seller Indemnified Representation Costs" means any and all Damages that any of the Seller Indemnified Parties incurs and that arise out of any breach or default by Buyer of any of the representations

or warranties under this Agreement.

"Seller Indemnified Taxes" means any and all Taxes (a) imposed on Buyer or for which Buyer may otherwise be liable (except Taxes for which Seller is responsible pursuant to Section 4.7(c) or Section 4.7(d)), (b) for which Buyer is responsible pursuant to Section 4.7(c) or Section 4.7(d); or (c) arising out of the ownership, operation or use of any of the Acquired Assets or the Business after the Closing.

"Studio Contracts" means all Contracts between the Seller and any movie studio pursuant to which DVD inventory is licensed by the Seller.

"Tax" or **"Taxes"** means any taxes, assessments, fees, unclaimed property, property subject to escheat and other governmental charges imposed by any Governmental Entity, including income, profits, gross receipts, net proceeds, alternative or add on minimum, ad valorem, value added, turnover, sales, use, property, personal property (tangible and intangible), environmental, stamp, leasing, lease, user, excise, duty, franchise, capital stock, transfer, registration, license, business license, withholding, social security (or similar), unemployment, disability, payroll, employment, fuel, excess profits, occupational, premium, windfall profit, severance, estimated, or other charge of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Returns" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Transaction Documents" means this Agreement, each of the Exhibits, and all other documents to be executed by any of the parties to this Agreement in connection with the consummation of the transactions contemplated by this Agreement.

"Transition Services Agreement" means the Transition Services Agreement between Buyer and Seller substantially in the form of Exhibit E.

1.2 **Additional Defined Terms.** The following terms are defined in the section indicated:

<u>Term</u>	<u>Section</u>
Agreement	Introduction
Assigning Retailer Agreement	2.4
Assumed Liabilities	2.6
Break Fee	7.2
Business	Recital A
Buyer	Introduction
Buyer Deductible	8.6(b)
Buyer Exclusions	8.6(b)
Charter Documents	3.1(a)(ii)

<u>Term</u>	<u>Section</u>
Claim Notice	8.3(a)
Closing Date	6.1
Confidentiality Agreement	4.2
Consent to Assignment	2.4
Courts	9.15
Cure Period	7.1(b)(i)
Drop Dead Date	7.1(b)(iii)
Effective Time	6.1
Environmental Law	3.1(r)(v)(A)
Excluded Assets	2.2
Excluded Liabilities	2.5
Exclusions Cap	8.7(b)
Financial Statements	3.1(d)
Governmental Entity	3.1(c)(iii)
Hazardous Material	3.1(r)(v)(B)
Indemnification Claim	8.3(a)
Indemnifying Party	8.3(a)
Intellectual Property	3.1(j)(i)
IP Encumbrances	3.1(j)(iii)
Material	3.1(h)
Material Retailer	3.1(w)
Material Supplier	3.1(w)
Open Transactions	4.1
Owned Seller Software	3.1(j)(ii)
Patents	3.1(j)(i)
Permits	3.1(m)(ii)
Permitted Liens	3.1(e)
Purchase Price	2.3(a)
Purchased Software	3.1(j)(ii)
Regular Cap	8.7(a)
Right Acquirer	3.1(j)(iii)
Seller	Introduction
Seller Deductible	8.6(a)
Seller Exclusions	8.6(a)
third party action	8.3(a)
Third Party Licensed Software	3.1(j)(ii)
Trade Secrets	3.1(j)(viii)
Transfer Taxes	4.7(c)

1.3 **References and Titles.** All references in this Agreement to Exhibits, Schedules, Articles, Sections, sections, subsections, and other subdivisions refer to the corresponding Exhibits, Schedules, Articles, Sections, sections, subsections, and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, sections, subsections, or other

subdivisions of this Agreement are for convenience only, do not constitute any part of such Articles, Sections, sections, subsections or other subdivisions, and shall be disregarded in construing the language contained therein. The words "*this Agreement*," "*herein*," "*hereby*," "*hereunder*," and "*hereof*," and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "*this Section*," "*this section*," "*this subsection*," and words of similar import, refer only to the Sections, section or subsections hereof in which such words occur. The word "*or*" is not exclusive, and the word "*including*" (in its various forms) means "*including, without limitation*." Pronouns in masculine, feminine, or neuter genders shall be construed to state and include any other gender and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise expressly requires. Unless the context otherwise expressly requires, all defined terms contained herein shall include the singular and plural and the conjunctive and disjunctive forms of such defined terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE 2

SALE AND PURCHASE OF ASSETS

2.1 **Agreement to Sell and Buy.** Subject to the terms and conditions set forth in this Agreement, Seller shall sell, assign, transfer and deliver to Buyer at Closing, and Buyer shall purchase at the Closing, all of the Acquired Assets, free and clear of any Liens or liabilities (except for the Permitted Liens and the Assumed Liabilities). The Acquired Assets to be assigned, transferred and delivered by Seller hereunder shall consist of the following (as well as such other assets specifically set forth in Schedule 2.1):

- (a) All Personal Property;
- (b) Subject to Section 4.14, all Assumed Contracts;
- (c) All refunds of Taxes that accrue to Seller for which Buyer is liable under this Agreement;
- (d) All Customer Data;
- (e) All of Seller's right, title and interest (as applicable) in and to the Purchased Intellectual Property, subject to the IP Encumbrances;
- (f) All of Seller's right, title and interest (as applicable) in and to Purchased Software; and
- (g) All books, surveys, data, documentation, manuals, reports, files, customer and vendor lists, studies, specifications and similar records, including financial, relating to (i) the Acquired Assets, (ii) the operation of the Business to the extent the Acquired Assets were used in such operations, and (iii) financial information relating exclusively to the operation of the Business (excluding any of the above relating solely to the Excluded Assets described in Section 2.2), including (A) executed copies of the Assumed Contracts, (B) all records, including financial, required by any Governmental Entity to be kept by the Business relating to the Acquired Assets (excluding income Taxes), subject to the right of Seller

to copy and have such books and records made reasonably available to Seller for Tax and other legitimate organization purposes until 11:59 p.m. Central time on the date that is 60 months after the Closing Date or, if later, the date a claim with respect to which such records are relevant, and for which Seller is an Indemnifying Party or a Seller Indemnified Party, is finally resolved, or, in the case of records related to Taxes, the expiration of the applicable statute of limitations, (C) all domestic and international market and research reports and studies (including regarding pricing) relating to DVD rentals, any DVD rental kiosks or otherwise used or prepared in connection with the Business, including any reports relating to pilot studies conducted in Japan, and (D) all historical reports including data on Kiosk performance and forecasted performance with respect to Kiosks associated with the Business operated pursuant to the Retailer Agreements, but excluding privileged materials.

2.2 **Excluded Assets.** The "**Excluded Assets**" shall consist of (i) the following assets of Seller, and (ii) any other assets of Seller which are not specifically set forth in Schedule 2.1, all of which are specifically excluded from the definition of Acquired Assets:

(a) Seller's books and records not included in Section 2.1(g) above, including Seller's corporate charter, taxpayer and other identification numbers, corporate seals, minute books (including materials distributed to directors), stock transfer books, blank stock certificates, tax records, personnel records, and all other books and records related to the Excluded Assets, Excluded Contracts, Excluded Liabilities or otherwise not related to the Business or the Acquired Assets; provided, however, copies of any such books and records shall be provided to Buyer for legitimate business purposes to the extent reasonably requested by Buyer to comply with the requirements of Governmental Entities or in connection with legal matters, provided appropriate confidentiality protections and use restrictions, reasonably satisfactory to both parties, shall be agreed to with respect to such copies;

(b) All claims, rights, interests and proceeds with respect to Tax refunds for Taxes that accrue to Seller (excluding refunds of Taxes for which Buyer is liable under this Agreement) or for which Seller is liable prior to the Closing under this Agreement, or heretofore paid by Seller;

(c) All deferred tax assets or tax attributes of Seller;

(d) All Excluded Contracts;

(e) All logos, trademarks, service marks, or other markings or Intellectual Property licensed by Seller pursuant to the Blockbuster License;

(f) All DVD inventory (inclusive of Blu-Ray and videogame discs), including cases and RFID tags, that is not included in Personal Property;

(g) Any and all Intellectual Property which is not Purchased Intellectual Property, including, but not limited to, all Licensed Intellectual Property;

(h) All of Seller's right, title and interest (as applicable) in and to any and all software not included in the Purchased Software, including but not limited to the Owned Seller Software;

(i) Seller's cash on hand and all other cash in any of Seller's bank or savings accounts,

and any other cash equivalents of Seller, relating to the Business or otherwise;

(j) All furniture and office equipment of Seller used in or relating to the Business or otherwise, including, but not limited to, personal computers, cell phones and any other portable electronic devices;

(k) All intercompany accounts and notes receivable;

(l) All interests in the securities of any of Seller's subsidiaries or other Affiliates; and

(m) The assets specifically identified on Schedule 2.2(m).

2.3 **Purchase Price and Manufacturing and Services.**

(a) **Purchase Price.** The aggregate purchase price payable at Closing by Buyer to Seller in consideration for the sale of the Acquired Assets will be an amount equal to One Hundred Million U.S. Dollars (\$100,000,000), as adjusted pursuant to Section 2.4 (the "**Purchase Price**"). In addition to the Purchase Price, as consideration for the sale, conveyance, assignment, transfer, and delivery of the Acquired Assets, Buyer shall assume the Assumed Liabilities.

(b) **Manufacturing and Services.** In connection with and as an integral part of the transactions contemplated hereby, Buyer and Seller intend to enter into a mutually beneficial strategic arrangement, which could include the purchase of goods and services by Buyer or its Affiliates from Seller pursuant to the Manufacturing and Services Agreement. In order to induce Seller to enter into this Agreement, Buyer or its Affiliates shall pay to Seller during the five-year period immediately following the Closing Date at least twenty-five million U.S. Dollars (\$25,000,000) in margin (as described on Schedule 2.3(b) hereto) over the five-year period for manufacturing and other services, including those amounts paid to the Seller pursuant to the Manufacturing and Services Agreement. To the extent manufacturing and other services equal to \$25,000,000 in margin are not requested by Buyer or its Affiliates or not provided by Seller pursuant to the Manufacturing and Services Agreement or otherwise on mutually agreeable terms, Buyer will pay Seller at the end of the five-year period an amount of cash equal to the difference between \$25,000,000 and the value in margin paid to the Seller over such five-year period.

2.4 **Purchase Price Adjustment.** If as of the Closing, Seller has not *** and *** to *** in *** to *** by *** of the *** to a *** listed on *** an ***, then the Purchase Price shall be adjusted *** to reflect any *** not *** as of the Closing as set forth on ***; provided, however, that Buyer may not require any *** to the *** as a condition *** of such ***.

2.5 **Excluded Liabilities.** Except as specifically set forth in Section 2.6, Buyer is not assuming any liability or obligation of Seller or otherwise arising in connection with the Acquired Assets or the Business, whether known, unknown, contingent or otherwise, including: (a) all liabilities and obligations for Indebtedness, (b) all liabilities and obligations arising under the Excluded Contracts, (c) all liabilities and obligations for Buyer Indemnified Taxes, (d) all liabilities and obligations related to bulk sale or transfer laws, (e) all liabilities, debts and obligations arising under any Contract for failure to obtain Consent with regard to the transactions contemplated under this Agreement, (f) all liabilities and obligations under or with respect to any Benefit Plan and any Contracts related thereto, (g) all employee-related liabilities in

connection with the current or former executives, employees or consultants of Seller who provide or provided services to the Business, (h) Seller's transaction costs and expenses related to the transactions contemplated by this Agreement except any Taxes to be paid by the Buyer pursuant to Section 4.7(c) and (d) hereof, (i) all liabilities and obligations associated with payroll taxes, including FICA, and other federal or local employment Taxes, or other similar withholding or obligations imposed in connection with the operation of the Business, (j) all accounts payable relating to the Acquired Assets or the Business as of the Closing Date, (k) all intercompany liabilities and obligations relating to the Acquired Assets or the Business as of the Closing Date, (l) all accrued expenses relating to the Acquired Assets or the Business, and (m) all liabilities and obligations described on Schedule 2.5(m) (the "**Excluded Liabilities**").

2.6 **Assumed Liabilities.** As the sole exception to the provisions set forth in Section 2.5, effective as of the Effective Time (except as provided in and consistent with Section 4.14 hereof), Buyer hereby agrees to assume and become responsible for the following obligations and liabilities of Seller: (a) the liabilities and obligations arising after the Effective Time under the Assumed Contracts; provided, however, that Buyer shall not assume any such liabilities or obligations to the extent such liabilities and obligations result from a breach by Seller at or prior to the Effective Time of, or a default by Seller at or prior to the Effective Time under, an Assumed Contract, or which relate to liabilities and obligations of the Seller under an Assumed Contract which have accrued at or prior to the Effective Time but which are to be satisfied after the Effective Time, (b) the Taxes to be paid by Buyer pursuant to Section 4.7(c) and (d) hereof, and (c) the liabilities and obligations described on Schedule 2.6 (collectively, the "**Assumed Liabilities**").

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties of Seller.** Except as set forth in the Schedules delivered to Buyer by the Seller in connection herewith, Seller represents and warrants to Buyer as follows (with the understanding that Buyer is relying on such representations and warranties in entering into and performing this Agreement). Such representations and warranties, unless specified otherwise herein, are made as of the date of this Agreement and as of the Closing Date.

(a) Organizational Matters.

(i) Organization, Standing and Power to Conduct Business. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland; has the requisite power and authority to own, lease and operate the properties used in the Business and to carry on the Business as now being conducted; and is duly qualified and in good standing to do business in each jurisdiction in which the nature of the Business or the ownership or leasing of the properties used in the Business makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified to do business or be in good standing (individually, or in the aggregate) would not reasonably be expected to have a Material Adverse Effect.

(ii) Charter Documents. Seller has made available to Buyer true and complete copies of its articles of incorporation and bylaws, in each case as amended to date and currently in effect (such instruments and documents, the "**Charter Documents**"). Seller is not in violation of

any of the provisions of its Charter Documents.

(iii) Subsidiaries. Except for the portions of the Business conducted by NCR Canada, Ltd., Seller does not operate the Business or own any of the Acquired Assets, or any portion thereof, through any other entity, including any wholly or partially owned subsidiary.

(b) Authority and Due Execution.

(i) Authority. Seller has all requisite corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby or thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents by Seller, and the consummation of the transactions contemplated hereby or thereby, have been duly authorized by all necessary corporate action on the part of Seller and no other corporate proceedings on the part of Seller or any of its Affiliates are necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents by Seller or any of its Affiliates or to consummate the transactions contemplated hereby or thereby.

(ii) Due Execution. This Agreement and each other Transaction Document to which Seller is a party has been, or upon execution and delivery will be, duly executed and delivered by Seller and, assuming due execution and delivery by Buyer and other parties hereto and thereto, constitutes, or upon execution and delivery will constitute, the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except that (A) such enforcement may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions now or hereafter in effect relating to creditors' rights generally and the application of general principles of equity, and (B) the remedy of specific performance and injunctive relief may be subject to and limited by equitable defenses and the discretion of the court before which any proceeding therefor may be brought.

(c) Non Contravention and Consents.

(i) Non Contravention. The execution and delivery of this Agreement and each other Transaction Document by Seller does not, and the performance of this Agreement and each other Transaction Document by Seller, including the consummation of the transactions contemplated hereby or thereby, will not, (A) conflict with or violate the Charter Documents of Seller, (B) conflict with or violate any Applicable Laws (excluding the HSR Act) or (C) except as set forth on Schedule 3.1(c)(i), result in any material breach of or constitute a material default (or an event that with notice or lapse of time or both would become a material default) under, or materially impair the rights of Seller or materially alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, modification, limitation, acceleration or cancellation of any Assumed Contract or other material arrangement relating to the Acquired Assets, or result in the creation of a Lien on any of the Acquired Assets.

(ii) Contractual Consents. Except as set forth on Schedule 3.1(c)(ii), no Consent under any Assumed Contract is required to be obtained in connection with the execution, delivery or performance of this Agreement by Seller or the consummation of the transactions contemplated hereby or thereby, including the assignment and assumption of the Assumed Contracts.

(iii) Governmental Consents. Except as set forth on Schedule 3.1(c)(iii), no Consent of any national, state, municipal, local or foreign government, any instrumentality, subdivision, court, administrative agency or commission or other governmental authority or instrumentality, or any quasi governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi governmental authority (a "**Governmental Entity**") is required to be obtained or made by Seller in connection with the execution, delivery and performance of this Agreement or any other Transaction Document by Seller or the consummation of the transactions contemplated hereby or thereby.

(d) Financial Statements. Seller has delivered to Buyer (i) Seller's financial statements (consisting of a balance sheet and statement of operations) for the Business for the years ended December 31, 2011 and 2010, which financial statements have been prepared as if the Business were a reporting business segment of Seller under the rules and regulations of the Securities and Exchange Commission and other applicable securities laws (the "**Financial Statements**"). The Financial Statements were prepared from the books and records of Seller and in accordance with GAAP (except as to the absence of statements of cash flows, footnotes and other disclosures specific to the Business as would be required under GAAP on a standalone basis, and, in the case of such interim financial statements, subject to normal year end adjustments) consistently applied for the periods presented and fairly present in all material respects the consolidated financial position, and results of operations of the Business as of the dates and for the periods indicated therein. Except as set forth on Schedule 3.1(d) or in the Financial Statements, there are no liabilities, contingent or otherwise, relating to the Acquired Assets, other than (x) liabilities incurred in the ordinary course of business subsequent to the date of Seller's most recent Financial Statements and (y) obligations under Assumed Contracts incurred in the ordinary course of business and not required under GAAP to be reflected in Seller's Financial Statements, which, in both cases, individually or in the aggregate, are not material to the Acquired Assets. Schedule 3.1(d) provides a description of all financial arrangements (including applicable amounts allocated or apportioned) relating to the provision of goods and services by Seller to the Business as of the dates and for the periods indicated in the Financial Statements.

(e) Liens. All of the Acquired Assets are free and clear of all Liens, except Liens set forth on Schedule 3.1(e)(i). At the Closing, all of the Acquired Assets will be free and clear of all Liens, other than Liens set forth on Schedule 3.1(e)(ii) ("**Permitted Liens**").

(f) Insurance. Seller has been covered during the past three (3) years by insurance in scope and amount customary and reasonable for the operations of the Business during such period. Each of such insurance policies is legal, valid, binding, enforceable and in full force and effect and will continue to be legal, valid, binding, enforceable and in full force and effect or will be replaced with a policy on substantially similar terms through the Closing Date. Seller, or to the Knowledge of Seller, any other Person, is not in breach or default under any such insurance policy (including with respect to the payment of premiums or the giving of notices), and to the Knowledge of Seller, no event has occurred that, with notice or the lapse of time or both, would constitute such a breach or default, or permit termination, modification or acceleration, under any such insurance policy. To the Knowledge of Seller, no party to any such insurance policy has repudiated any provision thereof.

(g) Absence of Litigation. Except as set forth on Schedule 3.1(g), (i) there is no material claim, action, suit, inquiry, judicial, or administrative proceeding, grievance, or arbitration pending or, to the Knowledge of Seller, threatened (in so far as it would have a Material Adverse Effect) against Seller arising from the operation of the Business or any of the Acquired Assets by or before any arbitrator or

Governmental Entity, nor (ii) to the Knowledge of Seller, are there any investigations (in so far as it would have a Material Adverse Effect) relating to Seller's operation of the Business or any of the Acquired Assets pending or threatened by or before any arbitrator or Governmental Entity. Except as set forth on Schedule 3.1(g), there is no judgment, decree, injunction, order, determination, award, finding, or letter of deficiency of any Governmental Entity or arbitrator outstanding against Seller and relating to the operation of the Business or any of the Acquired Assets, which would result in a Material Adverse Effect. There is no action, suit, inquiry or judicial or administrative proceeding pending or, to the Knowledge of Seller, threatened against Seller relating to the transactions contemplated by this Agreement. Schedule 3.1(g) also lists all litigation that Seller has pending or threatened against other parties that arises out of or relates to any Assumed Contract, the Assumed Liabilities, the Business or the Acquired Assets.

(h) Taxes. Except as disclosed on Schedule 3.1(h): (i) all material Tax Returns required to be filed by Seller with respect to any of the Acquired Assets or the Business have been duly and timely filed with the appropriate Governmental Entity, (ii) all such Tax Returns were at the time they were filed true, correct and complete in all material respects and, to the Knowledge of Seller, such Tax Returns continue to be true, correct and complete in all material respects, (iii) all material Taxes owed by Seller with respect to any of the Acquired Assets or the Business that are or have become due have been timely paid in full, (iv) all material Tax collection, withholding and deposit requirements imposed with respect to any of the Acquired Assets or the Business have been satisfied in full in all material respects, (v) to the Knowledge of Seller, there are no Liens on any of the Acquired Assets or the Business that arose in connection with any failure (or alleged failure) to pay any Tax, (vi) there is no claim pending or, to the Knowledge of Seller, threatened by any Governmental Entity in connection with any such Tax, (vii) to the Knowledge of Seller, none of such Tax Returns are now under audit or examination by any Governmental Entity, and (viii) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any such Tax Return or the assessment or collection of any such Tax. For purposes of this Section 3.1(h) only, "**material**" means Tax liabilities in excess of Fifty Thousand U.S. dollars (\$50,000) in the aggregate arising out of local, municipal, township or city Taxes or Tax returns.

(i) Title to Assets; Condition of Assets.

(i) Except as set forth on Schedule 3.1(i)(i), Seller has good and marketable title to, or a valid leasehold or license interest in, all of the Personal Property and none of such Personal Property is subject to any Lien, except Permitted Liens. Except as otherwise disclosed on Schedule 3.1(i)(i), each of the tangible assets included in the Personal Property, including the Kiosks, (A) is in good operating condition and repair (ordinary wear and tear excepted), and (B) is suitable for the purposes for which it is presently being used in connection with the Business.

(ii) The Acquired Assets do not include any real property.

(iii) With regard to the Business and its operations, Seller has exclusive ownership, free and clear of any Liens, or the valid right to use, all Customer Data, subject to the Customer Terms, if applicable, and Applicable Laws.

(j) Intellectual Property.

(i) Seller holds legally transferable rights in all Purchased Intellectual Property and licensable rights in all Licensed Intellectual Property. Seller has not exclusively licensed any

Purchased Intellectual Property or any Licensed Intellectual Property to any third party. As used in this Agreement, "**Intellectual Property**" means any or all of the following: (A) all patents and applications therefor, including all reissues, divisions, re-examinations, renewals, extensions, provisionals, substitutions, continuations and continuations-in-part thereof, and all equivalent or similar rights anywhere in the world in inventions and discoveries, together with industrial designs and any registrations and applications therefor, (collectively, "**Patents**"), (B) all Trade Secrets, (C) all copyrights, copyright registrations and applications therefor and all rights corresponding thereto throughout the world, including copyrights in source code and object code for software, (D) all trade names, logos, domain names, trademarks and service marks (including common law trademarks and service marks), and all registrations and applications for registration corresponding thereto throughout the world, and (E) all moral and economic rights of authors and inventors, however denominated, throughout the world.

(ii) Schedule 3.1(j)(ii)-1 sets forth a true, correct and complete list of each of the following: (A) all computer programs owned by Seller that are used exclusively by the Business (the "**Purchased Software**"), (B) all computer programs licensed to Seller by any third party that are used exclusively by the Business and its operations to the extent such licenses are transferable to Buyer (the "**Third Party Licensed Software**"), and (C) all computer programs owned by Seller that are used by Seller in both the Business and Seller's other operations ("**Owned Seller Software**"). Except as set forth on Schedule 3.1(j)(ii)-2, Seller has good and marketable title to, and is in possession of the source code and object code for each computer program included in the Purchased Software. Seller has possession of the object code for each computer program included in the Third Party Licensed Software and the Owned Seller Software.

(iii) Schedule 3.1(j)(iii) discloses all licenses, sublicenses and other similar agreements to which Seller is a party and which provide any Person ("**Right Acquirer**") a license, covenant not to assert or sue, and/or release with respect to, or other authorization to use, (A) any of the Patents or trademarks included in the Purchased Intellectual Property, or (B) any of the Purchased Software (collectively, "**IP Encumbrances**"). Except as would not otherwise have a material adverse effect on Buyer's rights with respect to the Purchased Intellectual Property or the Purchased Software, the IP Encumbrances are nontransferable (except, respectively, as applicable, to a Person who acquires all or substantially all of the equity or assets of the Right Acquirer or an Affiliate of the Right Acquirer, provided the scope of the Intellectual Property or software rights transferred are no broader than the scope of the Intellectual Property or software rights of the Right Acquirer at the time of transfer) and nonsublicensable (except, respectively, as applicable, to any of the Affiliates of the Right Acquirer or other third parties, in the case of such other third parties, solely for such other third parties to engage in activities on behalf of or for the Right Acquirer). To the Knowledge of Seller, no IP Encumbrance has been breached.

(iv) Except as set forth in Schedule 3.1(j)(iv)-1, to the Knowledge of Seller, there is no infringement or misappropriation, nor any written allegation by Seller of infringement or misappropriation, of any Purchased Intellectual Property by any third party, including any employee or former employee of Seller. Except as set forth in Schedule 3.1(j)(iv)-2, to the Knowledge of Seller, there is no infringement or misappropriation, nor any written allegation of infringement or misappropriation, of Intellectual Property of any third party by Seller, including by any employee of Seller, directed to the Business as it is currently conducted.

(v) Except as set forth in Schedule 3.1(j)(v), Seller is not, and as a result of the execution, delivery or performance of this Agreement or any other Transaction Document by Seller or the consummation of any transaction contemplated hereby or thereby will not be, in breach of any license, sublicense or other similar agreement that would prohibit Seller's right to transfer the Purchased Intellectual Property to Buyer.

(vi) To the knowledge of Seller, the Purchased Intellectual Property is valid and subsisting. All maintenance fees and annuities due and payable on or before the date hereof for any Purchased Intellectual Property that is subject to a registration or application for registration in any jurisdiction have been timely paid.

(vii) Seller has valid written assignments to the Purchased Intellectual Property, except with respect to the Purchased Intellectual Property that Seller obtained ownership of by operation of law. Seller has the right to assign the Purchased Intellectual Property to Buyer and the right to license the Licensed Intellectual Property to Buyer.

(viii) Seller has taken commercially reasonable steps to protect and preserve the confidentiality of all Trade Secrets included in the Purchased Intellectual Property that are not otherwise protected by Patents or copyrights. For purposes of this Agreement, "**Trade Secrets**" means all forms and types of non-public financial, marketing, business, scientific, technical, economic, engineering or other information, including technology, know-how, inventions, algorithms, models and methodologies, patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, the public, and rights to sue for misappropriation thereof.

(k) Customer Terms. Schedule 3.1(k) lists all Customer Terms. The Customer Terms comply in all material respects with all Applicable Laws, and there are no other terms that apply to the receipt, retention or use of any Customer Data that are not listed on Schedule 3.1(k). Seller is not in conflict with or in default under or in violation of any Customer Terms in any material respect.

(l) [Intentionally Omitted]

(m) Compliance; Permits.

(i) Compliance. (a) Seller is not in conflict with, or in default or in violation of, any Applicable Laws and (b) there is no agreement with, commitment to, judgment from, injunction by, or order or decree from, in each case, a Government Entity that is binding upon Seller and which, in either (a) or (b) above relates to any of the Acquired Assets or the Business and its operations and which could materially affect any of the Acquired Assets.

(ii) Permits. Seller holds, to the extent required by Applicable Laws, all material franchises, permits, registrations, licenses, authorizations, variances, exemptions, orders and approvals from Governmental Entities ("**Permits**") with respect to the Business and its operations

as currently conducted and the ownership of each of the Acquired Assets. Schedule 3.1(m)(ii) is a complete list of Permits held by Seller that relate to the Acquired Assets or the Business and its operations and Seller has not received notice that any suspension or cancellation of any such Permit is pending or threatened and is in compliance in all material respects with the terms of such Permits.

(n) Brokers' and Finders' Fees. Except as set forth on Schedule 3.1(n), Seller has not incurred, nor will it incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any other Transaction Document to which Seller is a party or any transaction contemplated hereby or thereby.

(o) Restrictions on Business Activities. Except as set forth on Schedule 3.1(o), Seller has not entered into any agreement under which Seller is or Buyer or any of its subsidiaries after the Closing will be restricted from, operating the Acquired Assets in a manner consistent with Seller's past practice for the 12 months prior to the date of this Agreement or owning the Acquired Assets, in any geographic area, during any period of time or in any segment of any market.

(p) Employees. Except as set forth on Schedule 3.1(p), as of the date of this Agreement, to the Knowledge of Seller, no executive, key employee or consultant or group of employees employed or retained by Seller who devote a substantial amount of their time in providing services to the Business has notified Seller of any plan or intention to terminate employment with or service to Seller.

(q) Benefit Plans. Under no circumstances could Buyer incur any obligation or liability with respect to any Benefit Plan.

(r) Environmental Matters.

(i) With respect to the Acquired Assets and the operation of the Business, Seller is and has at all times been in compliance with all Environmental Laws (as defined in clause (v) of this Section), and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been made, given, filed or commenced (or, to the Knowledge of Seller, threatened) by any Person against Seller alleging any failure to operate the Acquired Assets in compliance with any Environmental Law or seeking contribution towards, or participation in, any remediation of any contamination of any property or thing with Hazardous Materials (as defined in clause (v) of this Section). With respect to the Acquired Assets and the operation of the Business, Seller has obtained, and is and has at all times been in compliance with all of the terms and conditions of, all permits, licenses and other authorizations that are required under any Environmental Law in connection with the operation of the Business and has at all times operated the Business in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables that are contained in any applicable Environmental Law.

(ii) To the Knowledge of Seller, no physical condition exists on or under any property leased or used in connection with the Acquired Assets that could give rise to any investigative, remedial or other obligation under any Environmental Law or that could result in any kind of liability to any third party claiming damage to Person or property as a result of such physical condition.

(iii) No Hazardous Materials have been used in the Business in violation of any Environmental Law.

(iv) Seller has provided to Buyer true and complete copies of all internal and external environmental audits and studies in its possession or control relating to the Acquired Assets or the operation of the Business and all correspondence on substantial environmental matters relating to the Acquired Assets or the operation of the Business.

(v) For purposes of this Agreement, the following terms will have the respective meanings indicated:

(A) "**Environmental Law**" means any federal, state and local law, regulation, ordinance, code, rule, permit, decision, order or decree relating or pertaining to the public health and safety or the environment or otherwise governing the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, removal, discharge or disposal of Hazardous Materials, including (1) the Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq., as amended, (2) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended, (3) the Clean Water Act, 33 U.S.C. § 1251 et seq., as amended, (4) the Clean Air Act, 42 U.S.C. § 7401 et seq., as amended, (5) the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., as amended, (6) the Emergency Planning and Community Right To Know Act, 15 U.S.C. § 2601 et seq., as amended, and (7) the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., as amended.

(B) "**Hazardous Material**" means (1) any hazardous waste, hazardous substance, toxic pollutant, hazardous air pollutant or hazardous chemical (as any of such terms may be defined under, or for the purpose of, any Environmental Law), (2) asbestos, (3) polychlorinated biphenyls, (4) petroleum or petroleum products, (5) underground storage tanks, whether empty, filled or partially filled with any substance, (6) any substance the presence of which on the property in question is prohibited under any Environmental Law or (7) any other substance that under any Environmental Law requires special handling or notification of or reporting to any federal, state or local governmental entity in its generation, use, handling, collection, treatment, storage, recycling, treatment, transportation, recovery, removal, discharge or disposal. Notwithstanding the foregoing, any substance or chemical found in products used by Seller for office and janitorial purposes will not be deemed a Hazardous Material.

(s) Assumed Contracts. All Assumed Contracts are in full force and effect. All Assumed Contracts are valid and enforceable, subject to exceptions set forth on Schedule 3.1(s), and not in material default, with no material payments or other obligations past due, and no circumstance exists that, with notice, the passage of time or both, would constitute a material default under any Assumed Contract by Seller or, to the Knowledge of Seller, by any other party thereto. Seller has not received any notice of a default, alleged failure to perform or any offset or counterclaim with respect to any Assumed Contract that has not been fully remedied and withdrawn. Seller has provided Buyer with true and complete copies of all of the Assumed Contracts, except as listed on Schedule 3.1(s).

(t) Assets. Except as set forth on Schedule 3.1(t), the Acquired Assets constitute all of

the material assets, tangible and intangible, which to the Knowledge of the Seller are necessary to operate the Business in the manner operated by Seller in the ordinary course consistent with past practice for the 12-month period prior to the date of this Agreement. Except as set forth on Schedule 3.1(t), Seller has good and marketable title to all of the Acquired Assets with full power and authority to sell or assign its rights in and to the Acquired Assets to Buyer. At Closing, Seller will transfer to Buyer good and marketable title to all of Seller's rights, title and interest in and to the Acquired Assets, free and clear of any Liens at the time of transfer, other than Permitted Liens, and without any modification thereof.

(u) Absence of Changes. Since June 30, 2011, there has not occurred, and Seller does not have Knowledge of, any Material Adverse Effect.

(v) Product Warranties; Services. Except as set forth in the Assumed Contracts or on Schedule 3.1(y), (i) there are no warranties express or implied, written or oral, with respect to the products or services of the Business, and (ii) there are no pending or, to the Knowledge of Seller, threatened material claims with respect to any such warranty, and Seller has no material liability with respect to any such warranty, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due.

(w) Retailers and Suppliers. To the Knowledge of Seller, there is no indication that any Material Retailer or Material Supplier intends to terminate or modify its relationship with Seller. As of the date hereof, Seller has not received written notice that any Material Retailer or Material Supplier intends to terminate or modify its relationship with Seller. No Material Retailer or Material Supplier has during the 12 months preceding the date hereof decreased or limited materially, or threatened to decrease or limit materially its relationship with Seller. A "**Material Retailer**" is a retailer that has entered into a Retailer Agreement. A "**Material Supplier**" is a supplier of Seller who accounted for Two Percent (2%) or more of the expenses of the Business (as such expenses are accounted for in the Financial Statements) during the 12-month period ended on the date of this Agreement, except for those listed on Schedule 3.1(w) hereto.

(x) No Other Representations and Warranties. Except for the representations and warranties set forth in this Section 3.1 (including the related portions of the Schedules), neither Seller nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller, including any representation and warranty as to the accuracy or completeness of any information regarding the Business furnished or made available to Buyer and its representatives and any information, documents or material made available to Buyer as to the future revenue, profitability or success of the Business, or any representation or warranty arising from statute or otherwise in law.

3.2 Representations and Warranties of Buyer. Except as set forth in the Schedules delivered to Seller by the Buyer in connection herewith, Buyer represents and warrants to Seller as follows (with the understanding that Seller is relying on such representations and warranties in entering into and performing this Agreement). Such representations and warranties, unless specified otherwise herein, are made as of the date of this Agreement and as of the Closing Date.

(a) Organization, Standing and Power. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of Delaware and has all requisite limited liability company power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Authority. Buyer has all requisite limited liability company power and authority to enter into this Agreement and any other Transaction Documents to which Buyer is a party and to consummate the transactions contemplated hereby or thereby. The execution and delivery of this Agreement and the other Transaction Documents to which Buyer is a party and the consummation by Buyer of the transactions contemplated hereby or thereby have been duly authorized by all necessary limited liability company action on the part of Buyer and no other limited liability company or other proceedings on the part of Buyer or any of its Affiliates are necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer or any of its Affiliates or to consummate the transactions contemplated hereby or thereby. The Transaction Documents to which Buyer is a party have been, or upon execution and delivery will be, duly executed and delivered and constitute, or upon execution and delivery will constitute, the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) Non Contravention and Consents.

(i) Non Contravention. The execution and delivery of this Agreement and each other Transaction Document by Buyer does not, and the performance of this Agreement and each other Transaction Document by Buyer will not, (A) conflict with or violate Buyer's certificate of formation or limited liability company agreement, as amended, or (B) conflict with or violate any Applicable Laws (excluding the HSR Act) or (C) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair the rights of Buyer under, any obligation to which Buyer is a party or by which Buyer may be bound.

(ii) Contractual Consents. Except as set forth on Schedule 3.2(c)(ii), no Consent under any agreement to which Buyer is a party is required to be obtained in connection with the execution, delivery or performance of this Agreement or any other Transaction Document by Buyer or the consummation of the transactions contemplated hereby or thereby.

(iii) Governmental Consents. Except as set forth on Schedule 3.2(c)(iii), no Consent of any Governmental Entity is required to be obtained or made by Buyer in connection with the execution, delivery and performance of this Agreement or any other Transaction Document by Buyer or the consummation of the transactions contemplated hereby or thereby.

(d) Litigation. There is no claim, action, suit, inquiry, judicial or administrative proceeding, grievance, or arbitration pending or, to the Knowledge of Buyer, threatened against Buyer relating to the transactions contemplated by this Agreement or any other Transaction Document to which Buyer is a party.

(e) Brokers' and Finders' Fees. Except as set forth on Schedule 3.2(e), Buyer has not incurred, nor will it incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any other Transaction Document to which Buyer is a party or any transaction contemplated hereby or thereby.

(f) Sufficiency of Funds. Buyer has, and will have available to it upon the Closing, sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and to consummate the transactions contemplated by this Agreement.

ARTICLE 4

COVENANTS

4.1 **Conduct of Business.** Except as contemplated or permitted by this Agreement (including as set forth in Schedule 4.1), from the date of this Agreement until the Closing, Seller shall not, without Buyer's consent (such consent not to be unreasonably withheld, conditioned or delayed):

(a) fail to use its commercially reasonable best efforts to preserve in such condition as used in the ordinary course of business for the 12-month period prior to the date hereof, the Acquired Assets, including the Business to the extent conducted under the Assumed Contracts;

(b) fail to use its commercially reasonable best efforts to maintain the tangible Acquired Assets in at least the same condition and state of repair as such tangible Acquired Assets are in on the date hereof, except for ordinary wear and tear and damage by casualty governed by Section 4.6, or fail to repair, maintain, or replace any of the tangible Acquired Assets consisting of equipment in accordance with the normal standards of maintenance applicable in the industry;

(c) (i) materially amend (other than extending or renewing (including allowing for auto-renewals) for a term not more than one year, without otherwise materially amending terms or conditions) or terminate (other than as a result of a material breach by the counterparty) any Assumed Contract (provided, that Seller shall be permitted to remove non-performing Kiosks as provided in and pursuant to any Contract), or (ii) default in any material respect (or take or omit to take any action that, with or without the giving of notice or passage of time, would constitute a material default) under any Assumed Contract;

(d) merge or consolidate with or into any other legal entity, dissolve, or liquidate, if such action would in any way materially and adversely affect the Acquired Assets or the Business or its operations or the consummation of the transactions contemplated thereby;

(e) acquire (including by merger, consolidation, or the acquisition of any equity interest or assets) or sell (whether by merger, consolidation, or the sale of an equity interest or assets), lease, or dispose of any Acquired Assets except in the ordinary course of business consistent with past practice or, even if in the ordinary course of business and consistent with past practices, whether in one or more transactions, in no event involving an Acquired Asset or Acquired Assets having an aggregate fair market value in excess of \$100,000, provided, however, that nothing in this Agreement shall prohibit Seller from performing its contractual obligations under the Master Agreement between Zulia Pty Ltd. and NCR Australia Pty Ltd. dated July 28, 2011, and the agreements and purchase orders incorporated therein;

(f) mortgage, pledge, or subject to any material Lien, other than a Permitted Lien, any of the Acquired Assets;

(g) except as required by GAAP, Applicable Laws, or circumstances which did not exist as of December 31, 2011, change any of the material accounting principles or practices used by it with respect to the Business;

(h) fail to meet the contractual obligations relating to the Acquired Assets in all material

respects and perform and pay its obligations with respect to the Acquired Assets as they mature in the ordinary course of business consistent with past practice in all material respects;

(i) fail to (i) pay any maintenance fees or annuities due and payable at or prior to the Effective Time for the Purchased Intellectual Property that is subject to a registration or application for registration in any jurisdiction, (ii) make any required governmental filings required at or prior to the Effective Time to continue the Purchased Intellectual Property that is subject to a registration, and (iii) continue, until the Effective Time, to prosecute (including in conjunction with any patent application appeals, as applicable) and maintain, in both cases, consistent with Seller's ordinary course of business and industry standard practices, all material pending patent, copyright and trademark applications included in the Purchased Intellectual Property in all jurisdictions in which such applications are pending;

(j) fail to promptly advise Buyer in writing of any material adverse change in the Acquired Assets or the Business to the extent conducted under the Assumed Contracts; or

(k) agree to or make any commitment, orally or in writing, to take any actions listed in (a)-(j) above or otherwise prohibited by this Agreement or any other Transaction Document.

4.2 **Inspection of Acquired Assets and Business.** Seller agrees that from and after the date hereof, Buyer and its agents will be afforded reasonable opportunity in light of the transactions contemplated by this Agreement, following reasonable written notice to Seller and during normal business hours, to inspect the Acquired Assets, as well as the books and records and other items and personnel that relate to the Acquired Assets and the operations of the Business with respect to the Acquired Assets, as permitted by Applicable Laws, but excluding all privileged materials and information. Seller agrees to promptly deliver or otherwise promptly provide to Buyer all documents and information reasonably requested by Buyer for the confirmation and verification by Buyer of the financial and other information made available to Buyer, and for the review of other financial and other information relating to the transactions contemplated by this Agreement, including the purchase of the Acquired Assets, and the operations of the Business with respect to the Acquired Assets by Seller. Prior to the Closing, without the prior written consent of Seller, Buyer shall not contact any suppliers to, or employees or customers of the Business with respect to the transactions contemplated by this Agreement. Requests by Buyer for access and information pursuant to this Section 4.2 shall be submitted or directed exclusively to John Schweikert, Director, Business Development, or such individuals as Seller may designate from time to time, any such individual to provide prompt access and information to Buyer; provided, however, there shall at all times be at least one individual designated by Seller to provide such access and information. Prior to the Closing, the parties shall, and shall cause their respective agents to, abide by the terms of the Non-Disclosure Agreement dated June 7, 2011 (the "**Confidentiality Agreement**"), with respect to any access or information provided pursuant to this Section 4.2.

4.3 **Compliance With Laws.** Prior to the Closing, Seller shall cause the Acquired Assets to be operated in compliance in all material respects with all Applicable Laws. If Seller (or its counsel) receives an administrative or other order or notification relating to any material violation or claimed material violation of the Applicable Laws relating to the Acquired Assets or the operation of the Business with respect to Acquired Assets, Seller shall promptly notify Buyer in writing and use its reasonable best efforts to take such steps as may be necessary to cure such violation or contest such claimed violation in good faith.

4.4 **Notification of Certain Matters.** Each party hereto shall give prompt written notice to the

other party of (a) the occurrence, or failure to occur, of any event of which it becomes aware that has caused or that would be likely to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate at any time from the date hereof to the Closing Date; (b) the failure of such party, or any officer, director, employee, or agent of such party, to comply with or satisfy in any material respect any covenant, condition, or agreement to be complied with or satisfied by it hereunder; and (c) with respect to Seller, the occurrence of any threat made to Seller by any Material Retailer or Material Supplier to terminate or materially and adversely modify, as the case may be, its relationship with Seller. No such notification shall affect the representations or warranties of the parties or the conditions to their respective obligations hereunder.

4.5 Further Actions – Consents, Contracts, HSR Filings, etc.

(a) Upon the terms and subject to the conditions of this Agreement and the related documents, each of the parties hereto shall use commercially reasonable best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary under Applicable Laws to consummate and make effective the transactions contemplated hereby, including using commercially reasonable best efforts to obtain all waivers, licenses, permits, consents, approvals, authorizations, qualifications and orders of any Governmental Entity and parties to Contracts in connection with the Acquired Assets or the Business, including each Assumed Contract, as are necessary for the consummation of the transactions contemplated hereby. After the Closing, Seller, at the request of Buyer, but without any further cost or expense to Seller (unless otherwise required by this Agreement), shall execute and deliver such other certificates, agreements, conveyances, and other documents and take any further reasonable actions necessary or desirable to carry out the purposes of this Agreement and will cooperate with Buyer, at Buyer's expense, as reasonably requested in connection therewith.

(b) In furtherance and not in limitation of the foregoing, each of the parties agrees to use its commercially reasonable best efforts to file, and to cause each of its Affiliates to file in conjunction with such party, all applications, requests, notices and other filings with any applicable Governmental Entity whose approval is required in connection with the consummation of the transactions contemplated hereby, including (as applicable) Notification and Report Forms under the HSR Act as promptly as practicable following the date of this Agreement and as agreed to by the parties, but in no event later than 30 days after the date hereof (unless otherwise agreed to by the parties hereto). Buyer and Seller agree, and shall cause each of their respective Affiliates, as applicable, to cooperate and to use their respective commercially reasonable best efforts to obtain any governmental consent required for the Closing (including through compliance with the HSR Act, and all other Applicable Laws, to respond to any governmental requests for information). Each party shall furnish to the other party such necessary information and assistance as the other party may reasonably request, and which is permitted by Applicable Laws, in connection with the preparation of any necessary filings or submissions by it to any Governmental Entity in order to obtain the governmental authorizations and consents referred to in this Section 4.5(b). As reasonably practicable, each party shall provide the other (or any advisors identified by such party), with a copy of the economist's "white paper" or any similar presentation relating to the transactions contemplated by this Agreement (with such deletions as may be necessary to protect competitive-sensitive information) prior to submitting any such document to any Governmental Entity or other Person in relation to obtaining any consent, approval or action.

(c) The parties agree to use commercially reasonable best efforts to avoid or eliminate each and every impediment under the HSR Act or foreign competition laws to enable the transactions

contemplated hereby to be consummated as expeditiously as possible, including pursuing substantial compliance with any second request made under the HSR Act.

(d) For purposes of Section 4.5(a)-(c), "commercially reasonable best efforts" shall not require (i) (A) Buyer or any Affiliate of Buyer to hold separate, sell, divest or dispose of any portion of its business, any product line or any portion of its assets or otherwise change or restrict the activities of Buyer or any Affiliate of Buyer, or (B) other than in connection with pursuing substantial compliance with any second request made under the HSR Act, expend any material funds or incur any other material burden or (ii) Buyer or any Affiliate of Buyer or Seller or any Affiliate of Seller (x) to take action if this Agreement or the transactions contemplated by this Agreement are challenged by a Governmental Entity with regard to clearance under the HSR Act or foreign competition laws or (y) to take part in litigation in order to obtain clearance under the HSR Act or foreign competition laws.

4.6 **Risk of Loss.** The risk of any loss, damage, impairment, confiscation, or condemnation of any of the Acquired Assets from any cause whatsoever shall be borne by Seller at all times prior to the Closing. In the event of any such loss, damage, impairment, confiscation, or condemnation, whether or not covered by insurance, Seller shall promptly notify Buyer of such loss, damage, impairment, confiscation, or condemnation, which notice shall provide an estimate of the costs to repair, restore or replace such Acquired Assets and shall state whether Seller intends to repair, restore or replace such assets.

4.7 **Tax Covenants.**

(a) [Intentionally Omitted].

(b) **Purchase Price Allocation.** Buyer shall allocate the Purchase Price and the Assumed Liabilities among the Acquired Assets in a manner consistent with Buyer's allocation for financial statement reporting purposes and consistent with the Code §1060 asset classes identified in Schedule 4.7(c). Buyer shall deliver such allocation to Seller within 90 days after the Closing Date. After the Closing, Buyer and Seller shall make consistent use of such allocation for all Tax purposes and in all Tax returns and reports that each of them may file with respect to their respective businesses, as well as in any other filings, declarations, and reports with Governmental Entities for tax reporting and collection in respect thereof. Neither Buyer nor Seller shall take or cause to be taken any position or other action inconsistent with the allocation determined pursuant to this Section 4.7(b) for any Tax reporting purpose, upon examination of any Tax Return, in any refund claim, or in any litigation, investigation or otherwise, unless otherwise required by a "determination" (within the meaning of Section 1313(a) of the Code or any similar provision of other Applicable Laws).

(c) **Payment of Transfer Taxes.** Each of Buyer and Seller shall be responsible for and timely pay (without adjustment to the Purchase Price) one-half of any sales, use, goods and services, value added, gross receipts, or transfer, conveyance, excise Taxes, documentary charges, recording fees, stamps or other similar Taxes, charges, or fees (collectively, the "***Transfer Taxes***") arising from or in connection with the transactions contemplated by this Agreement; provided, however, that Seller's maximum liability for Transfer Taxes under this Section 4.7(c) shall be limited to Fifty Percent (50%) of the amount of Transfer Taxes imposed on the purchase and sale of the Kiosks assuming a sales price equal to the amount allocated to such Kiosks under Item 5 of Schedule 4.7(c) without regard to any change in Purchase Price under this Agreement. Each party agrees to execute any and all documents and to take such other action as may be necessary to structure the transaction of this Agreement as exempts from Transfer Taxes and to obtain

relevant tax exemption certificates and to provide copies of such certificates to the other party.

(d) **Ad Valorem Taxes.** All ad valorem and property Taxes (other than Transfer Taxes, if any, arising from or in connection with the transactions contemplated by this Agreement) relating to the Acquired Assets shall be prorated on the basis of the number of days of the relevant tax year or period which have elapsed through the Closing Date, determined without reference to any change of ownership occasioned by the consummation of the transactions contemplated hereby. Seller shall be responsible for and shall timely pay that portion of such amounts relating to the period prior to and through the Closing Date and Buyer shall be responsible for and shall timely pay that portion of such amounts relating to the period after the Closing Date.

(e) **Tax Refunds.** Any Tax refund (including any interest paid with respect thereto) that is an Excluded Asset, if received by Buyer, shall be paid over promptly to Seller. Any Tax refund (including any interest paid with respect thereto) that is an Acquired Asset, if received by Seller, shall be paid over promptly to Buyer.

(f) **Cooperation on Tax Matters.** Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of any Tax Return and any audit, litigation or other proceeding with respect to Taxes. Buyer and Seller further agree, upon request, to use commercially reasonable best efforts to obtain any certificate or other document from any Governmental Entity or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on Buyer or Seller (including with respect to the transactions contemplated hereby).

4.8 **Bulk Transfer Laws.** Buyer hereby waives compliance by Seller with any applicable bulk sale or bulk transfer laws of any jurisdiction in connection with the sale of the Acquired Assets to Buyer.

4.9 **Financial Statements.** Seller will provide reasonable access, support, information and assistance to Buyer prior to and for a period of 24 months after Closing in connection with Buyer's preparation of consolidated financial statements and other financial information as reasonably requested by Buyer, including for purposes of complying with the requirements of the Securities and Exchange Commission and applicable law.

4.10 **Payments Received after Closing.** With respect to all Kiosks operated by Seller, to the extent any inventory has been rented but not returned on or prior to the Closing Date ("***Open Transactions***"), the cash collected from and the liabilities relating to any such Open Transaction shall be that of the Seller. With respect to Kiosks operated pursuant to a Retailer Agreement which has been assigned to Buyer, the Seller shall deliver a letter of direction to its payment processor which shall direct payment to be made to Buyer for all transactions occurring on such Kiosks after the Closing Date.

4.11 **COBRA.** Seller will be solely responsible for providing continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) to those individuals who are M&A qualified beneficiaries (as defined in Treasury Regulation Section 54.4980B-9, Q&A-4(a)) with respect to the transactions contemplated by this Agreement.

4.12 **Trade Secrets.** Seller acknowledges and agrees that the Trade Secrets included in the Purchased Intellectual Property will be the property of Buyer from and after the Closing. Accordingly,

Seller agrees that, for a period of two (2) years following the Closing Date, it will not (a) disclose to any Person, either directly or indirectly, any such Trade Secrets; or (b) use for its own account or use, cause, facilitate or allow any third party to use such Trade Secrets in any way; provided, however, nothing contained herein shall (i) prohibit the disclosure or use of such Trade Secrets by Seller pursuant to and in accordance with the Grant Back Intellectual Property License Agreement, Grant Back Software License Agreement, the Reseller Agreement, the provision of services under the Transition Services Agreement, or as otherwise necessary to address any issues, matters or items associated with activities of the Business which occurred prior to the Closing, as long as any disclosure of any such Trade Secrets to any third party requires such third party to keep such Trade Secrets confidential or as necessary in connection with any claim under Article 8; or (ii) at any time permit the disclosure of any source code for the Purchased Software except to an Affiliate or third party contractor who has a need to know such source code and under continuing terms of confidentiality.

4.13 **Removal of Branding and Inventory.** Prior to the Closing Date, Seller shall (a) replace or remove the current “Blockbuster Express” branding on any of the Acquired Assets pursuant to the terms and specifications set forth on Schedule 4.13 and shall be responsible for all costs related thereto and (b) remove all DVD inventory in the Kiosks that is not included in Personal Property.

4.14 ***** and *** of ***.**

(a) During the period from the date hereof to the Closing Date, Seller shall *** its *** to *** necessary to *** to ***; provided, however, Seller shall not *** or *** or *** thereof in *** such ***.

(b) With respect to all ***, notwithstanding anything in this Agreement to the contrary, this Agreement shall not *** an *** to *** any *** or any *** or *** or any *** or *** or resulting therefrom if an *** or *** , without the *** of a ***, would constitute a *** or ***. If a *** is not *** prior to Closing, Seller and Buyer will use their *** to the extent such *** permits, for a period of *** after the Closing Date (or until ***), to *** Buyer ***; provided, however, Buyer shall not be required to *** any such *** if such *** has been *** or *** in *** and Buyer shall not be required to *** any *** or *** to any *** in *** such *** other than those specifically *** in such *** (assuming no *** or ***). During such *** period with regard to any such *** for which *** is *** and has not ***, the *** and *** relating to such *** shall *** and *** thereunder shall be *** pursuant to the ***. Following such *** period, any *** that has not *** in accordance with *** shall (i) *** be an *** and (ii) be the ***, and *** shall have no ***, except as otherwise provided ***.

ARTICLE 5

CONDITIONS PRECEDENT

5.1 **Conditions to Each Party's Obligation.** The respective obligations of Buyer and Seller to effect the transactions contemplated hereby are subject to the satisfaction prior to the Effective Time of the following conditions:

(a) **Consents and Approvals.** All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity

necessary for the consummation of the transactions contemplated by this Agreement, including under the HSR Act, shall have been filed, occurred, been terminated, or been obtained.

(b) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(c) No Action. No action shall have been taken nor any statute, rule, or regulation shall have been enacted by any Governmental Entity that makes the consummation of the transactions contemplated hereby illegal.

5.2 **Conditions to Obligation of Buyer**. The obligation of Buyer to effect the transactions contemplated hereby is subject to the satisfaction of the following conditions unless waived, in whole or in part, by Buyer:

(a) Representations and Warranties. Each of the representations and warranties of Seller set forth in this Agreement (i) shall be true and correct in all material respects as of the date of this Agreement (except for such representations and warranties that are qualified by their terms by a reference to materiality or Material Adverse Effect, which representations and warranties as so qualified shall be true and correct in all respects), and (ii) shall be true and correct as of the Closing Date, except where the failure of any of the representations or warranties (individually or in the aggregate) to be true and correct as of the Closing Date would not constitute a Material Adverse Effect.

(b) Covenants, Agreements, Conditions and Obligations. Seller shall have performed, satisfied and complied in all material respects with all covenants, agreements, conditions, and obligations required by this Agreement to be performed, satisfied or complied with by it on or before the Closing Date.

(c) Material Adverse Effect. No events or conditions shall have occurred since the date hereof which, individually or in the aggregate, constitute a Material Adverse Effect.

(d) Closing Deliveries. All documents, instruments, certificates or other items required to be delivered by Seller pursuant to Section 6.2(b) shall have been delivered.

5.3 **Conditions to Obligations of Seller**. The obligation of Seller to effect the transactions contemplated hereby is subject to the satisfaction of the following conditions unless waived, in whole or in part, by Seller.

(a) Representations and Warranties. Each of the representations and warranties of Buyer set forth in this Agreement (i) shall be true and correct in all material respects as of the date of this Agreement (except for such representations and warranties that are qualified by their terms by a reference to materiality or Buyer Material Adverse Effect, which representations and warranties as so qualified shall be true and correct in all respects), and (ii) shall be true and correct as of the Closing Date, except where the failure of any of the representations or warranties (individually or in the aggregate) to be true and correct as of the Closing Date would not constitute a Buyer Material Adverse Effect.

(b) Covenants, Agreements, Conditions and Obligations. Buyer shall have performed,

satisfied and complied in all material respects with all covenants, agreements, conditions, and obligations required by this Agreement to be performed, satisfied or complied with by it on or before the Closing Date.

(c) Closing Deliveries. All documents and instruments required to be delivered by Buyer pursuant to Section 6.2(a) shall have been delivered.

ARTICLE 6

CLOSING

6.1 **Closing**. Subject to the satisfaction or waiver of the conditions set forth in ARTICLE 5, the Closing will take place at the offices of Perkins Coie LLP in Seattle, Washington, at 10:00 a.m., Pacific time, within three (3) business days after the satisfaction or waiver of all conditions to the obligations of the parties hereto to consummate the transactions contemplated hereby shall have occurred (other than with respect to actions to be taken at the Closing), or at such other place and time as Buyer and Seller may mutually agree (the "**Closing Date**", and the time at which such closing occurs is referred to herein as the "**Effective Time**").

6.2 **Actions to Occur at Closing**.

(a) At the Closing, Buyer shall deliver, or cause to be delivered, to Seller the following:

(i) Purchase Price Payment. The Purchase Price by wire transfer of immediately available funds;

(ii) Assumption Agreement. A counterpart of the Assumption Agreement executed by Buyer;

(iii) Transition Services Agreement. A counterpart of the Transition Services Agreement executed by Buyer;

(iv) Grant Back Intellectual Property License Agreement. A counterpart of the Grant Back Intellectual Property License Agreement executed by Buyer;

(v) Closing Certificate. A certificate in a form reasonably satisfactory to Seller signed by an authorized officer of Buyer certifying Buyer's compliance with the conditions set forth in Sections 5.3(a) and 5.3(b);

(vi) Secretary's Certificate. A certificate, dated as of the Closing Date, signed by the secretary or an assistant secretary of Buyer certifying as to (a) the articles of incorporation and bylaws of Buyer, (b) the incumbency of the officers executing this Agreement and the Transaction Documents, and (c) the resolutions of the board of directors of Buyer authorizing the execution, delivery and performance by Buyer of this Agreement and the Transaction Documents;

(vii) Patent License Agreement. A counterpart of the Patent License Agreement executed by Buyer;

(viii) Grant Back Software License Agreement. A counterpart of the Grant Back Software License Agreement executed by Buyer;

(ix) Reseller Agreement. A counterpart of the Reseller Agreement executed by Buyer; and

(x) Other Documents. Other documents reasonably requested by Seller to consummate the intent of this Agreement and the Transactions contemplated hereby.

(b) At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(i) Certificates. A certificate in a form reasonably satisfactory to Buyer signed by an authorized officer of Seller certifying Seller's compliance with the conditions set forth in Sections 5.2(a) and 5.2(b);

(ii) Assumption Agreement. A counterpart of the Assumption Agreement executed by Seller;

(iii) Bill of Sale. The Bill of Sale executed by Seller, together with any other assignments and other transfer documents as requested by Buyer;

(iv) Transition Services Agreement. A counterpart of the Transition Services Agreement executed by Seller;

(v) Grant Back Intellectual Property License Agreement. A counterpart of the Grant Back Intellectual Property License Agreement executed by Seller;

(vi) Instruments of Sale. Such other bills of sale, assignments and other instruments of sale as shall be required to vest in Buyer good title to the Acquired Assets, free and clear of all Liens, other than Permitted Liens;

(vii) Contracts, Business Records, etc. All copies and, to the extent they are in the possession of Seller, all originals, of the Assumed Contracts, Customer Data, and all other records and documents described in Section 2.1(g);

(viii) Secretary's Certificate. A certificate, dated as of the Closing Date, signed by the secretary or an assistant secretary of Seller certifying as to (A) the articles of incorporation and bylaws of Seller, (B) the incumbency of the officers executing this Agreement and the Transaction Documents, and (C) the resolutions of the board of directors of Seller authorizing the execution, delivery and performance by Seller of this Agreement and the Transaction Documents;

(ix) Patent License Agreement. A counterpart of the Patent License Agreement executed by Seller;

(x) Intellectual Property Files. (A) All certificates of registration for the Purchased Intellectual Property, and (B) all primary prosecution history files and any other files

directed to prosecution (including prosecution of patent) application appeals) for any Patents and trademarks included in Purchased Intellectual Property, in both cases, as they exist as of the Closing Date and are in Seller's possession or under Seller's control, but excluding any privileged materials;

(xi) Grant Back Software License Agreement. A counterpart of the Grant Back Software License Agreement executed by Seller;

(xii) Reseller Agreement. A counterpart of the Reseller Agreement executed by Seller; and

(xiii) Other Documents. Other documents reasonably requested by Buyer to consummate the intent of this Agreement and the transactions contemplated hereby, including the letter of direction to Seller's payment processor as contemplated by Section 4.10 hereof.

ARTICLE 7

TERMINATION, AMENDMENT AND WAIVER

7.1 **Termination**. This Agreement may be terminated prior to the Closing:

(a) by mutual consent of Buyer and Seller;

(b) by Seller, on the one hand, or Buyer, on the other hand:

(i) in the event of a breach by the other party of any representation, warranty, covenant or other agreement contained in this Agreement that (A) would give rise to the failure of a condition set forth in ARTICLE 5, as applicable, and (B) cannot be or has not been cured within twenty (20) days (the "**Cure Period**") following receipt by the breaching party of written notice of such breach;

(ii) if (A) senior agency staff of the Federal Trade Commission or the Department of Justice have informed the Buyer and Seller of such agency's decision to oppose the transactions contemplated by this Agreement with regard to clearance under the HSR Act (provided, however, with regard to the Federal Trade Commission, such decision shall not require a vote of the Federal Trade Commission on such clearance), or (B) a court of competent jurisdiction or other Governmental Entity shall have issued an order, decree, or ruling or taken any other action restraining, enjoining, or otherwise prohibiting the transactions contemplated by this Agreement or any other Transaction Document; or

(iii) if the Closing shall not have occurred by August 31, 2012 (the "**Drop Dead Date**"); provided, however, that the right to terminate this Agreement under this clause (iii) shall not be available to any party whose breach of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

(c) by Seller in the event of a breach by Buyer of Section 4.5(b) or (c) that (A) would give rise to the failure of a condition set forth in ARTICLE 5, as applicable, and (B) cannot be or has not

been cured during the Cure Period.

The right of any party hereto to terminate this Agreement pursuant to this Section 7.1 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any party hereto, any Person controlling any such party or any of their respective officers, directors, employees, accountants, consultants, legal counsel, agents, or other representatives whether prior to or after the execution of this Agreement. Notwithstanding anything in the foregoing to the contrary, no party that is in material breach of this Agreement shall be entitled to terminate this Agreement under (b)(i) or (ii) above except with the consent of the other party.

7.2 **Effect of Termination.** In the event of a termination of this Agreement by either Seller or Buyer as provided above, there shall be no liability on the part of either Buyer or Seller, except for liability arising out of a breach of this Agreement. ARTICLES 1, 8, and 9, Section 4.6 and this ARTICLE 7 shall survive the termination of this Agreement. In the event of a termination of this Agreement, each of the parties hereto shall be responsible for its own expenses and those of its advisors, and no party hereto, nor any of their Affiliates, shall be responsible to the other parties, or any of their Affiliates, for any expenses relating to this Agreement or any other Transaction Document as the transaction contemplated thereby. If (A) Seller or Buyer terminates this Agreement under Section 7.1(b)(ii) (and Seller is not in material breach of this Agreement immediately prior to such termination), (B) Seller or Buyer terminates this Agreement under Section 7.1(b)(iii) and any of the conditions set forth in Section 5.1(a), (b) or (c) have not been satisfied by the Drop Dead Date solely because the waiting period (and any extensions thereof) applicable to the consummation of the transactions contemplated hereby under the HSR Act and foreign competition laws shall not have expired or been earlier terminated (and Seller is not in material breach of this Agreement immediately prior to such termination) or (C) Seller terminates this Agreement under Section 7.1(c) (and Seller is not in material breach of this Agreement immediately prior to such termination), Buyer shall pay Seller \$10,000,000 (the "**Break Fee**") within five (5) days of such termination. Notwithstanding anything to the contrary in this Agreement, the Break Fee shall, if paid to Seller, be the sole and exclusive remedy of Seller against Buyer and its former, current or future stockholders, managers, members, directors, officers, Affiliates or agents for any Damages suffered as a result of a breach or termination of or otherwise under this Agreement, and upon payment of the Break Fee, neither Buyer nor its former, current or future stockholders, managers, members, directors, officers, Affiliates or agents shall have any further liability or obligation to Seller or any of their respective stockholders, managers, members, directors, officers, Affiliates or agents arising under this Agreement; provided, however, receipt of the Break Fee by Seller shall not diminish any rights or obligations of any party under any other agreement between the parties including the Confidentiality Agreement, the Transition Services Agreement and the Manufacturing and Services Agreement. If Buyer shall fail to timely pay the Break Fee pursuant to and in accordance with the terms hereof, and, in order to obtain such payment, Seller makes a claim that results in a judgment against Buyer, Buyer shall promptly reimburse Seller for its reasonable costs and expenses (including its reasonable attorneys' fees and expenses) incurred in connection with such suit, together with interest on the Break Fee at the prime rate of Wells Fargo Bank, N.A. in effect on the date such payment was required to be made.

ARTICLE 8

INDEMNIFICATION

8.1 **Indemnification of Buyer.** Subject to the provisions of this ARTICLE 8, Seller agrees to indemnify and hold harmless the Buyer Indemnified Parties from and against any and all Buyer Indemnified

Costs.

8.2 **Indemnification of Seller.** Subject to the provisions of this ARTICLE 8, Buyer agrees to indemnify and hold harmless the Seller Indemnified Parties from and against any and all Seller Indemnified Costs.

8.3 **Procedure for Indemnification.**

(a) An Indemnified Party shall give written notice (a "**Claim Notice**") to any entity or Person who is obligated to provide indemnification (an "**Indemnifying Party**") for any claim under this ARTICLE 8 (an "**Indemnification Claim**"), reasonably promptly, but in any event (A) prior to expiration of any applicable survival period set forth in Section 9.1, and (B) if such Indemnification Claim relates to the assertion against an Indemnified Party of any claim by a third party (a "**third party action**"), within forty-five (45) days after receipt by the Indemnified Party of written notice of a legal process relating to such third party action; provided, however, that the failure to so notify the Indemnifying Party within such time period shall not relieve the Indemnifying Party of any obligation or liability to the Indemnified Party, except to the extent that the Indemnifying Party demonstrates that its ability to resolve such Indemnification Claim is materially and adversely affected thereby. An Indemnified Party shall not submit a Claim Notice unless it certifies in writing that it believes in good faith that it is entitled to be indemnified with respect to the Damages specified in such Claim Notice.

(b) Unless the Indemnifying Party contests the Indemnification Claim in a writing given to the Indemnified Party within thirty (30) days after receipt of a Claim Notice and describing in reasonable detail the basis for contesting the Indemnification Claim, the Indemnified Party shall, subject to the other terms of this ARTICLE 8, be paid the amount of Damages related to such Indemnification Claim or the uncontested portion thereof. An Indemnifying Party shall not contest any Indemnification Claim (or any portion thereof) unless it certifies in writing that it believes in good faith that the Indemnified Party is not entitled to be indemnified with respect to the Damages specified in such claim. Any disputed Indemnification Claim shall be resolved either (i) in a written agreement signed by Buyer and Seller or (ii) by the final decision of a court or other trier of fact.

8.4 **Third Party Action.** The Indemnifying Party shall have the right to assume control of the defense of, settle, or otherwise dispose of such third party action on such terms as it deems appropriate; provided, however, that:

(a) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such third party action (provided, however, that the Indemnifying Party shall pay the attorneys' fees of the Indemnified Party if (i) the employment of separate counsel shall have been authorized in a writing making express reference to this subsection and signed by such Indemnifying Party in connection with the defense of such third party action, (ii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to have charge of such third party action, (iii) the Indemnified Party shall have reasonably concluded that there are defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (iv) the Indemnified Party's counsel shall in good faith have advised the Indemnified Party in writing, with a copy delivered to the Indemnifying Party, that there is a conflict of interest that would make it reasonable to determine that it is inappropriate under applicable standards of professional conduct to have common counsel);

(b) The Indemnifying Party shall obtain the prior written approval of the Indemnified Party before entering into or making any settlement, compromise, admission, or acknowledgment of the validity of such third party action or any liability in respect thereof if, pursuant to or as a result of such settlement, compromise, admission, or acknowledgment, injunctive or other equitable relief would be imposed against the Indemnified Party or if, in the opinion of the Indemnified Party, such settlement, compromise, admission, or acknowledgment would have an adverse effect on its business;

(c) No Indemnifying Party shall consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect of such third-party action;

(d) The Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgment of any third party action: (i) as to which the Indemnifying Party fails to assume the defense within a reasonable length of time, (ii) to the extent the third party action seeks an injunction, or other equitable relief against the Indemnified Party, or (iii) if the Indemnifying Party does not irrevocably agree in writing that no damages arising out of or related to such claim or demand are obligations of the Indemnified Party pursuant hereto and that any damages arising out of or related to such claim or demand are within the scope of and may be subject to indemnification hereunder, subject to the indemnification limitations set forth in Section 8.6 or 8.7; provided, however, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgment that would give rise to liability on the part of any Indemnifying Party without the prior written consent of such Indemnifying Party; and

(e) The parties hereto shall extend reasonable cooperation in connection with the defense of any third party action pursuant to this ARTICLE 8 and, in connection therewith, shall furnish such records, information, and testimony and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested, subject in all instances to appropriate agreements respecting confidentiality and use, such as, but not limited to, protective orders, as is reasonable under the circumstances.

8.5 [Intentionally Omitted].

8.6 Minimum Loss Requirement.

(a) Seller will not be obligated to indemnify a Buyer Indemnified Party pursuant to this ARTICLE 8 for Buyer Indemnified Representation Costs, unless and until the Buyer Indemnified Parties' aggregate Buyer Indemnified Representation Costs exceed \$500,000 (the "***Seller Deductible***"), in which event Seller will be obligated to indemnify the Buyer Indemnified Parties as and to the extent provided in this ARTICLE 8 for all Buyer Indemnified Representation Costs in excess of the Seller Deductible; provided, however, that the Seller Deductible shall not apply to Buyer Indemnified Representation Costs arising in respect of a breach of any representation or warranty contained in Section 3.1(a) (relating to organizational matters of Seller), Section 3.1(b) (relating to authority of and due execution by Seller), Section 3.1(h) (relating to taxes of Seller), Section 3.1(n) (relating to brokers' and finders' fees of Seller), Section 3.1(q) (relating to employee benefit matters of Seller), and Section 3.1(t) (relating to the Acquired Assets) (collectively, the "***Seller Exclusions***"), and with respect to the Seller Exclusions, Seller will be obligated to indemnify the Buyer Indemnified Parties as and to the extent provided in this ARTICLE 8 for

all Buyer Indemnified Representation Costs arising in respect of the Seller Exclusions.

(b) Anything in this ARTICLE 8 to the contrary notwithstanding, Buyer will not be obligated to indemnify a Seller Indemnified Party pursuant to this ARTICLE 8 for Seller Indemnified Representation Costs, unless and until the Seller Indemnified Parties' aggregate Seller Indemnified Representation Costs exceed \$500,000 (the "**Buyer Deductible**"), in which event Buyer will be obligated to indemnify the Seller Indemnified Parties as and to the extent provided in this ARTICLE 8 for all Seller Indemnified Representation Costs in excess of the Buyer Deductible; provided, however, that the Buyer Deductible shall not apply to Seller Indemnified Representation Costs arising in respect of a breach of any representation or warranty contained in Section 3.2(a) (relating to organizational matters of Buyer), Section 3.2(b) (relating to authority of and due execution by Buyer), Section 3.2(e) (relating to brokers' and finders' fees of Buyer), and Section 3.2(f) (relating to sufficiency of funds of Buyer) (collectively, the "**Buyer Exclusions**"), and with respect to the Buyer Exclusions, Buyer will be obligated to indemnify the Seller Indemnified Parties as and to the extent provided in this ARTICLE 8 for all Seller Indemnified Representation Costs arising in respect of the Buyer Exclusions.

8.7 **Indemnification Limits.**

(a) With respect to Buyer Indemnified Representation Costs arising out of a breach of representations and warranties of Seller other than the Seller Exclusions, Seller shall only be obligated to indemnify Buyer Indemnified Parties pursuant to this ARTICLE 8 for an amount in the aggregate of up to Fifteen Percent (15%) of the Purchase Price, as may be adjusted (the "**Regular Cap**").

(b) With respect to Buyer Indemnified Costs, including those arising out of a breach of the representations and warranties of Seller identified as the Seller Exclusions, Seller shall only be obligated to indemnify Buyer Indemnified Parties pursuant to this ARTICLE 8 for an amount in the aggregate of up to the Purchase Price, as may be adjusted (the "**Exclusions Cap**").

(c) With respect to Seller Indemnified Representation Costs arising out of a breach of representations and warranties of Buyer other than the Buyer Exclusions, Buyer shall only be obligated to indemnify Seller Indemnified Parties pursuant to this ARTICLE 8 for an amount in the aggregate of up to the Regular Cap.

(d) With respect to Seller Indemnified Costs, including those arising out of a breach of the representations and warranties of Buyer identified as the Buyer Exclusions, Buyer shall only be obligated to indemnify Seller Indemnified Parties pursuant to ARTICLE 8 for an amount in the aggregate of up to the Exclusions Cap.

8.8 **Recourse.** Except as permitted by Section 9.4 or Section 9.13 and as provided under Section 7.2, liability of the parties pursuant to this Agreement shall be limited to claims made by the Buyer Indemnified Parties or Seller Indemnified Parties under this ARTICLE 8, which shall be the sole and exclusive remedy of the parties for any Damages arising under this Agreement.

8.9 **Cooperation.** Seller and Buyer and any Indemnified Parties shall cooperate with each other, as applicable, with respect to resolving any claim or liability under this Agreement. Such cooperation shall include, but not be limited to, providing any additional information that may be reasonably requested by

a party to allow such party to assess the validity of any potential or pending claim.

8.10 **Reduction by Insurance Proceeds.** The amount payable by an Indemnifying Party to an Indemnified Party with respect to any Damages arising under this Agreement shall be reduced by the amount of any insurance proceeds actually received by the Indemnified Party with respect to such Damages, and each of the parties hereto hereby agrees to use its reasonable best efforts to collect insurance proceeds to which it is entitled in respect of any such Damages.

ARTICLE 9

GENERAL PROVISIONS

9.1 **Survival of Representations, Warranties, and Covenants.** Regardless of any investigation at any time made by or on behalf of any party hereto or of any information any party may be aware of in respect thereof, each of the representations and warranties made hereunder or pursuant hereto or in connection with the transactions contemplated by this Agreement shall survive the Closing and not be affected by any such investigation or awareness. The representations and warranties set forth in this Agreement will terminate at 11:59 p.m. Pacific time on the date that is 18 months after the Closing Date except that such 18-month time limitations shall not apply to: (a) any claims for fraud pursuant to Section 9.13, which will survive until the expiration of the applicable statute of limitations, (b) any of the following claims or to Buyer's rights to recover on such claims, with any representations and warranties relating thereto surviving until the expiration of the applicable statute of limitations: (i) claims for breaches of any representations and warranties contained in Section 3.1(h) (relating to Taxes of Seller), and (ii) claims for breaches of any representations and warranties contained in Section 3.1(q) (relating to employee benefit matters of Seller), (c) claims for breaches of any representations and warranties contained in Section 3.1(r) (relating to environmental matters of Seller), shall survive until the date that is five (5) years after the Closing Date, and (d) any of the following claims or to Buyer's or Seller's rights to recover on such claims, with any representations and warranties relating thereto surviving indefinitely: (i) claims for breaches of any representations and warranties contained in Section 3.1(a) (relating to organizational matters of Seller) or Section 3.2(a) (relating to organizational matters of Buyer), (ii) claims for breaches of any representations and warranties contained in Section 3.1(b) (relating to authority of and due execution by Seller) or Section 3.2(b) (relating to authority of and due execution by Buyer), and (iii) claims for breaches of any representations and warranties contained in the second sentence of Section 3.1(t) (relating to the Acquired Assets). Following the date of termination of a representation or warranty, no claim can be brought with respect to a breach of such representation or warranty, but such termination shall not affect any claim for a breach of a representation or warranty that was asserted pursuant to a Claim Notice before the date of termination. To the extent that such are performable after the Closing, each of the covenants and agreements contained in this Agreement and each other Transaction Document shall survive the Closing until its performance is completed in accordance with its terms.

9.2 **Amendment and Modification.** This Agreement may not be amended or modified except by an instrument in writing signed by Seller and Buyer.

9.3 **Waiver of Compliance.** Any failure of Buyer, on the one hand, or Seller, on the other hand, to comply with any obligation, covenant, agreement, or condition contained herein may be waived only if set forth in an instrument in writing signed by the party or parties to be bound thereby, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not

operate as a waiver of, or estoppel with respect to, any other failure.

9.4 **Specific Performance.** The parties to this Agreement acknowledge that it may be impossible to measure in money the damages that a party would incur if any covenant or agreement contained in this Agreement were not performed in accordance with its terms and agree that each of the parties hereto shall be entitled to seek an injunction to require specific performance of, and prevent any violation of the terms of, this Agreement, in addition to any other remedy available hereunder.

9.5 **Severability.** If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of Applicable Laws, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

9.6 **Expenses and Obligations.** Except as otherwise specifically provided herein, each party hereto will pay its own transaction expenses (including legal and accounting fees).

9.7 **Parties in Interest.** This Agreement shall be binding upon and, except as provided below, inure solely to the benefit of each party hereto and their successors and assigns, and nothing in this Agreement, except as set forth below, express or implied, is intended to confer upon any other Person (other than the Indemnified Parties as provided in ARTICLE 8) any rights or remedies of any nature whatsoever under or by reason of this Agreement.

9.8 **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, by overnight service (such as Federal Express) or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Buyer, to:

Redbox Automated Retail, LLC
c/o Coinstar, Inc.
1800 114th Ave. SE
Bellevue, WA 98004
Attn.: Chief Legal Officer
Fax: (425) 943-8090

with copies (which shall not constitute notice) to:

Redbox Automated Retail, LLC
One Tower Lane, Suite 900
Oakbrook Terrace, IL 60181-4623
Attn.: General Counsel

Fax: (630) 756-8888

and

Perkins Coie LLC
1201 Third Ave., Suite 4800
Seattle, WA 98101-3099
Attn.: Lynn Hvalsoe
Fax: (206) 359-7122

(b) If to Seller, to:

NCR Corporation
3097 Satellite Boulevard
Duluth, Georgia 30096
Attn.: General Counsel/Notices, 2nd Floor
email: law.notices@ncr.com

with a copy (which shall not constitute notice) to:

Womble Carlyle Sandridge & Rice LLP
271 17th Street, N.W., Suite 2400
Atlanta, Georgia 30363
Attn.: Sharon McBrayer Johnson
email: Sharon.johnson@wcsr.com

All notices, requests or instructions given in accordance herewith shall be deemed given (i) on the date of delivery, if hand delivered to the applicable address, (ii) three business days after the date of mailing, if mailed by registered or certified U.S. mail, return receipt requested, and (iii) one business day after the date of sending, if sent by Federal Express overnight service or other recognized overnight courier.

9.9 **Counterparts.** This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

9.10 **Entire Agreement.** Except for (a) the other Transaction Documents and (b) the Confidentiality Agreement, this Agreement (which term will be deemed to include the Exhibits and Schedules hereto and the other certificates, documents and instruments delivered hereunder) constitutes the entire agreement of the parties hereto and supersedes all prior agreements, letters of intent and understandings, both written and oral, among the parties with respect to the subject matter hereof. The Confidentiality Agreement will remain in full force and effect after the Closing Date and will not be affected in any respect by the execution, delivery or performance of this Agreement. There are no representations or warranties, agreements, or covenants other than those expressly set forth in this Agreement, the Confidentiality Agreement or the other Transaction Documents.

9.11 **Public Announcements.** With regard to any public statements made or press releases issued (a) pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, (b) pursuant to any listing agreement with any national securities exchange, or (c) as otherwise required by law, Seller and Buyer shall use reasonable efforts to consult with each other in a manner allowing for reasonable comment by the other party (any comments to be reasonably considered by the issuing party) before issuing any such press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby. Prior to the Closing, neither Seller nor Buyer will issue any other press release or otherwise make any public statements regarding this Agreement or the transactions contemplated hereby without prior written consent of the party (which consent shall not be unreasonably withheld, conditioned, or delayed). Seller and Buyer will consult with each other concerning the means by which Seller's employees, customers, suppliers and others having dealings with Seller will be informed of the transactions contemplated by this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall restrict or prohibit Seller's ability to respond to communications from Seller's shareholders, creditors and other investors, or Seller's employees, independent contractors, agents, and other representatives resulting from a public statement or press release issued in accordance with the provisions of this Section 9.11; provided, however, that no additional, non-public material information or confidential information shall be given in any such response.

9.12 **Assignment.** Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto, whether by operation of law or otherwise, except that Buyer may assign, in whole or in part, this Agreement to any subsidiary; provided, however, that in the event of any assignment, Buyer shall guarantee payment of the Purchase Price and its performance of the obligations under this Agreement and the Transaction Documents.

9.13 **No Waiver Relating to Claims for Fraud.** The liability of any party under ARTICLE 8 shall be in addition to, and not exclusive of any other liability that such party may have at law or equity based on such party's fraudulent acts or omissions. None of the provisions set forth in this Agreement shall be deemed a waiver by any party to this Agreement of any right or remedy which such party may have at law or equity based on any other party's fraudulent acts or omissions, nor shall any such provisions limit, or be deemed to limit, (a) the amounts of recovery sought or awarded in any such claim for fraud, (b) the time period during which a claim for fraud may be brought, or (c) the recourse which any such party may seek against another party with respect to a claim for fraud; provided, that with respect to such rights and remedies at law or equity, the parties further acknowledge and agree that none of the provisions of this Section 9.13, nor any reference to this Section 9.13 throughout this Agreement, shall be deemed a waiver of any defenses which may be available in respect of actions or claims for fraud, including, but not limited to, defenses of statutes of limitations or limitations of damages.

9.14 **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO ANY APPLICABLE CONFLICTS OF LAW PRINCIPLES THEREOF).

9.15 **Jurisdiction.** Except as otherwise expressly provided in this Agreement, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby may only be brought in the state and federal courts located in Delaware (the "**Courts**") and each of the parties hereby consents to the exclusive jurisdiction of such Courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives,

to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be signed as of the date first written above.

SELLER:

NCR CORPORATION

By: /s/ John G. Bruno

Name: John G. Bruno

Title: Executive Vice President

BUYER:

REDBOX AUTOMATED RETAIL, LLC

By: /s/ J. Scott DiValerio

Name: J. Scott DiValerio

Title: Interim President

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

**SECOND AMENDMENT TO THE
NCR CORPORATION 2011 ECONOMIC PROFIT PLAN**

WHEREAS, NCR Corporation (the “Company”) has previously adopted the 2011 NCR Corporation Economic Profit Plan (the “Plan”); and,

WHEREAS, the Compensation and Human Resource Committee of the Board of Directors of the Company (the “Committee”) has the authority to amend the Plan in accordance with Section 7.7 of the Plan; and,

WHEREAS, the Committee amended the Plan effective December 13, 2011 to increase the age of retirement under the Plan from 55 to 62; and,

WHEREAS, the Committee has determined that it is in the best interest of the Company to adopt an amendment to the Plan to provide that a participant in the Plan may designate a beneficiary to receive payments and benefits under the plan in the event of the Plan participant's death.

NOW THEREFORE, effective as of January 24, 2012, the Plan is hereby amended as follows:

1. Section 7.2 is deleted in its entirety and replaced as follows:

7.2 Nontransferability. No Bonus Credit may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, including assignment pursuant to a domestic relations order, during the time in which the requirement of continued employment or attainment of performance objectives has not been achieved. Each Bonus Credit shall be paid during the Participant's lifetime only to the Participant, or, if permissible under applicable law, to the Participant's legal representatives; provided however, that, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant and to receive any amounts payable under the Plan in the event of such Participant's death. No Bonus Credit shall, prior to receipt thereof by the Participant, be in any manner liable for or subject to the debts, contracts, liabilities, or torts of the Participant.

2. 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 Compensation and Human Resource Committee of the Board of Directors of the Company has approved this amendment to the Plan effective this 25th day of January, 2012.

NCR CORPORATION

By: /s/ Andrea Ledford

Name: Andrea Ledford

Title: Senior Vice President, Human Resources

FORM OF AWARD AGREEMENT [NON-EXECUTIVE EMPLOYEE]

2012 Restricted Stock Unit Award Agreement
NCR Corporation 2011 Amended and Restated Stock Incentive Plan

You have been awarded a number of restricted stock units (the “Stock Units”) under the NCR Corporation 2011 Amended and Restated Stock Incentive Plan (the “Plan”), as described on the restricted stock unit information page on the website (www.netbenefits.fidelity.com) of the third party Plan administrator (the “TPA”) for NCR Corporation (referred to herein, together with its affiliate companies, as “NCR” or the “Company”), effective as of the date of grant of this award (the “Grant Date”), subject to the terms and conditions of this 2012 Restricted Stock Unit Award Agreement (this “Agreement”) and the Plan. Capitalized terms used but not defined herein are defined in the Plan.

1. **Grant of Stock Units.** Subject to the terms and conditions of this Agreement, the Stock Units will become non-forfeitable (“Vested”) on the third anniversary of the Grant Date (the “Vesting Date”), provided that you are continuously employed by NCR through and until the Vesting Date.

2. **Certain Events Prior to Vesting Date.** The Plan provides for what happens in connection with certain events prior to vesting of the Stock Units. The following chart describes the more common events. Except as otherwise provided below, if your employment with NCR terminates prior to the Vesting Date for any reason, the Stock Units will automatically terminate and be forfeited and no shares or cash will be issued or paid (as the case may be).

Termination Provisions

Termination Event	Treatment of Stock Units
Death, Disability or Involuntary Termination	Prorated Vesting-The pro rata portion of the Stock Units that will become Vested will be determined by multiplying the number of Stock Units awarded pursuant to this Agreement by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is 36 (the “Pro-rata Fraction”).
Change in Control Termination or Good Reason Termination.	Full Vesting-The Stock Units shall become fully Vested immediately upon your Termination of Employment.

For purposes of this Agreement, “Disability” means Termination of Employment (as defined in the Plan) with 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. “Involuntary Termination” means Termination of Employment by the Company for any reason other than for Cause (as defined in the Plan), excluding termination by the Company during the twenty-four (24) months following a Change in Control. “Change in Control Termination” means a Termination of Employment by the Company or the continuing entity 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 occurring during the twenty-four (24) months following a Change in Control wherein this Award is assumed, converted or replaced by the continuing entity. “Good Reason Termination” means, if you are a participant in the NCR Change in Control Severance Plan, or an NCR policy or similar arrangement that defines “Good Reason” in the context of a resignation following a Change in Control, your Termination of Employment for Good Reason as so defined

within twenty-four (24) months following a Change in Control.

Change in Control. Notwithstanding any provisions in this Agreement to the contrary other than Sections 5, 10, 11, 13, 21, in the event a Change in Control occurs prior to the Vesting Date and the Stock Units are not assumed, converted or replaced by the continuing entity, the Stock Units shall become fully Vested immediately prior to the Change in Control.

3. **Settlement of Stock Units.** Except as may otherwise be provided in this Section or pursuant to an election under Section 14(k) of the Plan, Vested Stock Units will be paid to you within thirty (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 on date that immediately precedes 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.

4. **Compliance with 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.

5. **Confidentiality.** By accepting this Award, except to the extent disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Stock Units will be forfeited if you violate the terms and conditions of this Section 5.

6. **Adjustments Based on Certain Changes in the Common Stock.** In the event of any stock split, reverse stock split, stock dividend, recapitalization or similar change affecting the common stock, the Award shall be equitably adjusted in accordance with Section 3(d) of the Plan.

7. **Nontransferability.** At all times before the Vesting Date, the Stock Units, to the extent not fully Vested, may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, by will or by the laws of descent and distribution upon your death. As soon as practicable after the Vesting Date (or such other date as Stock Units become payable in accordance with Section 2), if Stock Units are to be paid in the form of shares of NCR common stock, NCR will instruct its transfer agent and/or its TPA to record on your account the number of such shares underlying the number of Stock Units, and such shares will be freely transferable.

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

9. **Withholding.** If the Company, in its sole discretion, determines that it has incurred or will incur any obligation to withhold taxes as a result of your Award, the Company may withhold the number of shares it determines is required to satisfy such liability and/or the Company may withhold amounts from other compensation to the extent required to satisfy such liability under federal, state, provincial, local, foreign or other tax laws. In lieu of withholding the value of shares, the Company may require a recipient of an Award to reimburse the Company for any such taxes required to be withheld upon such terms and conditions as the Company may prescribe, including requiring you to sell shares of NCR common stock to cover the withholding requirement.

10. **Misconduct.** 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.

11. **Noncompetition and Nonsolicitation.** In exchange for the consideration you are receiving pursuant to the terms of this Agreement, you agree that during your employment with NCR and for a twelve month period after its termination (or if applicable law mandates a maximum time that is shorter than twelve 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) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; (iii) on behalf of yourself or a person or entity in competition with NCR that is not one of the named "Competing Organizations" either on the list below in this Section 12 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g)); and (iv) within the territory where or for which you performed such services within the two years preceding your termination to the extent a specific geographic territory was assigned to you or, if no territory was assigned to you, then within a 250-mile radius from the primary office or other location where you worked during the last two years of your NCR employment;

(b) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; and (iii) on behalf of any named "Competing Organization" either on the list below in this Section 11 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g));

(c) directly or indirectly recruit, hire, solicit or induce, or attempt to recruit, hire, solicit or induce, any employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates; or

(d) solicit or attempt to solicit the business of any NCR customers or actively sought prospective customers with which you had material contact during the last two years of your NCR employment. "Material contact" means the contact between you and each customer or actively

sought prospective customer (i) with which you dealt on behalf of NCR, (ii) whose dealings with NCR were coordinated or supervised by you, (iii) about whom you obtained confidential information in the ordinary course of business as a result of your association with NCR, or (iv) who receives products or services authorized by NCR, the sale or provision of which results or resulted in compensation, commissions, or earnings for you within the two years prior to the date of the your termination.

(e) All references to “NCR” in this Section 11 shall be deemed to include its subsidiaries and affiliates, and references to “NCR employment” shall be deemed to include your employment, if any, by a company the stock or substantially all the assets of which NCR has acquired. As a non-limiting example, a reference to the “last two years of your NCR employment” may include both time as an NCR employee and time as a Radiant Systems employee.

(f) The covenants contained within this Section 11 are a material component of the consideration for this agreement. If you breach any of these covenants, NCR shall be entitled to all of its remedies at law or in equity, including but not limited to money damages and injunctive relief. In the event of such a breach, in addition to NCR's other remedies, any unvested Stock Units will be immediately forfeited and deemed canceled, and you agree to pay immediately to NCR the Fair Market Value of any Stock Units that vested during the eighteen (18) months prior to the date of your termination of employment (or if applicable law mandates a maximum time that is shorter than eighteen (18) months, than for a period of time equal to the shorter maximum period), without regard to whether you continue to own the shares associated with such Stock Units or not.

(g) For purposes of this Agreement, “Competing Organizations” shall be the following as of February 2012. The list of Competing Organizations is updated and revised from time to time, and such updated lists shall be deemed a part of this Agreement; the current list may be obtained from the NCR Law Department or the NCR Human Resources Department upon request, or from the NCR Human Resources intranet website.

Agilysys	Hyosung	Pinnacle Corporation
Amadeus	IBM	POSitech
Arinc.	IER	Redbox
Casio America, Inc.	Intuit	Retail Pro International
Coinstar/Redbox	Itautec	Retalix
Dell, Inc.	JDA Software	Schades-Heipa
Diebold	KAL (Korala Associates)	Sharp
Dresser	Kiosk (KIS)	SITA
Eastcom	LGN-Sys	Sonic Solutions
EPIC	Mahathi	Talaris
Epicor	Micros Systems	Tolt
Fujitsu	Nashua	Unisys
Getronics	Netflix	Verifone
Gilbarco Veeder-Root	NRT	Vista
Glory	Oki	Wand
GRG Banking Equipment	Panasonic Corporation	Wincor
Hewlett Packard	PAR Technology Corporation	Xpient
Hitachi	Pendum	

12. **Dispute Resolution.** 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 with NCR shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the then current rules of the American Arbitration Association in or near the city where you work or 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 your NCR business organization. The arbitration shall be held before a single arbitrator who is an attorney. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. 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; in all other respects, this Agreement shall be governed by the laws of the State of Georgia, without regard to its conflict-of-laws principles. Each party shall bear its own attorney fees associated with the arbitration; other costs, and the expenses of the arbitration, shall be borne as provided by the rules of the American Arbitration Association or by similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held unenforceable, it shall be severed and shall not affect the duty to arbitrate nor any other part of this paragraph

Notwithstanding the preceding subparagraph, you acknowledge that if you breach any of the covenants set forth in 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 any of the Section 11 covenants, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief pending appointment of an arbitrator and completion of an arbitration, and in such instance shall not be required to post a bond.

13. **Compensation Recovery Policy.** 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.

14. **Beneficiaries.** Subject to the terms of this Agreement, you may at any time designate, through the TPA, 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.

15. **Information Disclosure.** By accepting this Award, you agree that data, including your personal data, necessary to administer this Award may be exchanged among NCR and its subsidiaries and affiliates as necessary, and with any vendor engaged by NCR to administer this

Award. You also consent to receiving information and materials in connection with this Award or any subsequent awards under the Plan or any successor thereto, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by website access and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you.

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

17. **Severability.** 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, it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law. Provided, however, that to the extent such invalid provision can be rendered valid by modification, you agree that the court or tribunal shall so modify such provision so as to render it valid and enforceable to the fullest extent permitted by law.

18. **Amendment.** 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. **Provisions Applicable to Participants in Jurisdictions outside the United States.** Notwithstanding any provision of this Agreement or the Plan to the contrary, if you are or become subject to the laws of a jurisdiction outside the United States, your Award shall be subject to the laws and requirements of such jurisdiction outside the United States and the terms and conditions of this Agreement are deemed modified to the extent necessary or advisable to comply with the applicable local laws or to facilitate the administration of this Agreement and the Plan. In addition, the Committee may take any other action, including amending this Agreement, before or after an Award is made, that it deems necessary or advisable to obtain approval or comply with any necessary local governmental regulatory requirements or exemptions to the extent such amendment is permissible under the Plan with or without your prior written consent.

20. **Conflicting Terms.** 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 the law governing this Agreement and any claims arising under or relating to it, Section 12 of this Agreement shall prevail.

21. **Code of Conduct Certification.** 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 and expressly conditioned upon 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.

22. **Execution and Validity of Agreement.** This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the grant contained in this Agreement

shall be forfeited by you and this Agreement shall have no force and effect if it is not duly executed by electronic signature acceptable to the Company, by the date established by the Company and set forth on the website of the TPA at (www.netbenefits.fidelity.com); on which this Agreement is posted.

FORM OF AWARD AGREEMENT [EXECUTIVE]

2012 Restricted Stock Unit Award Agreement
NCR Corporation 2011 Amended and Restated Stock Incentive Plan

You have been awarded a number of restricted stock units (the “Stock Units”) under the NCR Corporation 2011 Amended and Restated Stock Incentive Plan (the “Plan”), as described on the restricted stock unit information page on the website (www.netbenefits.fidelity.com) of the third party Plan administrator (the “TPA”) for NCR Corporation (referred to herein, together with its affiliate companies, as “NCR” or the “Company”), effective as of the date of grant of this award (the “Grant Date”), subject to the terms and conditions of this 2012 Restricted Stock Unit Award Agreement (this “Agreement”) and the Plan. Capitalized terms used but not defined herein are defined in the Plan.

1. **Grant of Stock Units.** Subject to the terms and conditions of this Agreement, the Stock Units will become non-forfeitable (“Vested”) on the third anniversary of the Grant Date (the “Vesting Date”), provided that you are continuously employed by NCR through and until the Vesting Date.

2. **Certain Events Prior to Vesting Date.** The Plan provides for what happens in connection with certain events prior to vesting of the Stock Units. The following chart describes the more common events. Except as otherwise provided below, if your employment with NCR terminates prior to the Vesting Date for any reason, the Stock Units will automatically terminate and be forfeited and no shares or cash will be issued or paid (as the case may be).

Termination Provisions

Termination Event	Treatment of Stock Units
Death, Disability or Involuntary Termination	Prorated Vesting-The pro rata portion of the Stock Units that will become Vested will be determined by multiplying the number of Stock Units awarded pursuant to this Agreement by a fraction, the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is 36 (the “Pro-rata Fraction”).
Change in Control Termination or Good Reason Termination.	Full Vesting-The Stock Units shall become fully Vested immediately upon your Termination of Employment.

For purposes of this Agreement, “Disability” means Termination of Employment (as defined in the Plan) with 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. “Involuntary Termination” means Termination of Employment by the Company for any reason other than for Cause (as defined in the Plan), excluding termination by the Company during the twenty-four (24) months following a Change in Control. “Change in Control Termination” means a Termination of Employment by the Company or the continuing entity 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 occurring during the twenty-four (24) months following a Change in Control wherein this Award is assumed, converted or replaced by the continuing entity. “Good Reason Termination” means, if you are a participant in the NCR Change in Control Severance Plan, or an NCR policy or similar arrangement that defines “Good Reason” in the context of a resignation following a Change in Control, your Termination of Employment for Good Reason as so defined

within twenty-four (24) months following a Change in Control.

Change in Control. Notwithstanding any provisions in this Agreement to the contrary other than Sections 5, 10, 11, 13, 21, in the event a Change in Control occurs prior to the Vesting Date and the Stock Units are not assumed, converted or replaced by the continuing entity, the Stock Units shall become fully Vested immediately prior to the Change in Control.

3. **Settlement of Stock Units.** Except as may otherwise be provided in this Section or pursuant to an election under Section 14(k) of the Plan, Vested Stock Units will be paid to you within thirty (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 on date that immediately precedes 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.

4. **Compliance with 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.

5. **Confidentiality.** By accepting this Award, except to the extent disclosure is required by applicable law or regulation, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Stock Units will be forfeited if you violate the terms and conditions of this Section 5.

6. **Adjustments Based on Certain Changes in the Common Stock.** In the event of any stock split, reverse stock split, stock dividend, recapitalization or similar change affecting the common stock, the Award shall be equitably adjusted in accordance with Section 3(d) of the Plan.

7. **Nontransferability.** At all times before the Vesting Date, the Stock Units, to the extent not fully Vested, may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, by will or by the laws of descent and distribution upon your death. As soon as practicable after the Vesting Date (or such other date as Stock Units become payable in accordance with Section 2), if Stock Units are to be paid in the form of shares of NCR common stock, NCR will instruct its transfer agent and/or its TPA to record on your account the number of such shares underlying the number of Stock Units, and such shares will be freely transferable.

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

9. **Withholding.** If the Company, in its sole discretion, determines that it has incurred or will incur any obligation to withhold taxes as a result of your Award, the Company may withhold the number of shares it determines is required to satisfy such liability and/or the Company may

withhold amounts from other compensation to the extent required to satisfy such liability under federal, state, provincial, local, foreign or other tax laws. In lieu of withholding the value of shares, the Company may require a recipient of an Award to reimburse the Company for any such taxes required to be withheld upon such terms and conditions as the Company may prescribe, including requiring you to sell shares of NCR common stock to cover the withholding requirement

10. **Misconduct.** 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.

11. **Noncompetition and Nonsolicitation.** In exchange for the consideration you are receiving pursuant to the terms of this Agreement, you agree that during your employment with NCR and for a twelve month period after its termination (or if applicable law mandates a maximum time that is shorter than twelve 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) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; (iii) on behalf of yourself or a person or entity in competition with NCR that is not one of the named "Competing Organizations" either on the list below in this Section 11 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g)); and (iv) anywhere within the United States, or in any State or territory thereof in which NCR does or did business during your NCR employment, all of which States or territories are deemed to be separately set forth here and the names of which are incorporated by reference;

(b) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; and (iii) on behalf of any named "Competing Organization" either on the list below in this Section 11 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g));

(c) directly or indirectly recruit, hire, solicit or induce, or attempt to recruit, hire, solicit or induce, any employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates; or

(d) solicit or attempt to solicit the business of any NCR customers or actively sought prospective customers with which you had material contact during the last two years of your NCR employment. "Material contact" means the contact between you and each customer or actively sought prospective customer (i) with which you dealt on behalf of NCR, (ii) whose dealings with NCR were coordinated or supervised by you, (iii) about whom you obtained confidential information in the ordinary course of business as a result of your association with NCR, or (iv) who receives products

or services authorized by NCR, the sale or provision of which results or resulted in compensation, commissions, or earnings for you within the two years prior to the date of the your termination.

(e) All references to “NCR” in this Section 11 shall be deemed to include its subsidiaries and affiliates, and references to “NCR employment” shall be deemed to include your employment, if any, by a company the stock or substantially all the assets of which NCR has acquired. As a non-limiting example, a reference to the “last two years of your NCR employment” may include both time as an NCR employee and time as a Radiant Systems employee.

(f) The covenants contained within this Section 11 are a material component of the consideration for this agreement. If you breach any of these covenants, NCR shall be entitled to all of its remedies at law or in equity, including but not limited to money damages and injunctive relief. In the event of such a breach, in addition to NCR's other remedies, any unvested Stock Units will be immediately forfeited and deemed canceled, and you agree to pay immediately to NCR the Fair Market Value of any Stock Units that vested during the eighteen (18) months prior to the date of your termination of employment (or if applicable law mandates a maximum time that is shorter than eighteen (18) months, than for a period of time equal to the shorter maximum period), without regard to whether you continue to own the shares associated with such Stock Units or not.

(g) For purposes of this Agreement, “Competing Organizations” shall be the following as of February 2012. The list of Competing Organizations is updated and revised from time to time, and such updated lists shall be deemed a part of this Agreement; the current list may be obtained from the NCR Law Department or the NCR Human Resources Department upon request, or from the NCR Human Resources intranet website.

Agilysys	Hyosung	Pinnacle Corporation
Amadeus	IBM	POSitech
Arinc.	IER	Redbox
Casio America, Inc.	Intuit	Retail Pro International
Coinstar/Redbox	Itautec	Retalix
Dell, Inc.	JDA Software	Schades-Heipa
Diebold	KAL (Korala Associates)	Sharp
Dresser	Kiosk (KIS)	SITA
Eastcom	LGN-Sys	Sonic Solutions
EPIC	Mahathi	Talaris
Epicor	Micros Systems	Tolt
Fujitsu	Nashua	Unisys
Getronics	Netflix	Verifone
Gilbarco Veeder-Root	NRT	Vista
Glory	Oki	Wand
GRG Banking Equipment	Panasonic Corporation	Wincor
Hewlett Packard	PAR Technology Corporation	Xpient
Hitachi	Pendum	

12. **Dispute Resolution.** 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 with NCR shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the then current rules of the American Arbitration Association in or near the city where you work or 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 your NCR business organization. The arbitration shall be held before a single arbitrator who is an attorney. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. 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; in all other respects, this Agreement shall be governed by the laws of the State of Georgia, without regard to its conflict-of-laws principles. Each party shall bear its own attorney fees associated with the arbitration; other costs, and the expenses of the arbitration, shall be borne as provided by the rules of the American Arbitration Association or by similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held unenforceable, it shall be severed and shall not affect the duty to arbitrate nor any other part of this paragraph

Notwithstanding the preceding subparagraph, you acknowledge that if you breach any of the covenants set forth in 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 any of the Section 11 covenants, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief pending appointment of an arbitrator and completion of an arbitration, and in such instance shall not be required to post a bond.

13. **Compensation Recovery Policy.** 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.

14. **Beneficiaries.** Subject to the terms of this Agreement, you may at any time designate, through the TPA, 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.

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

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

17. **Severability.** 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, it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law. Provided, however, that to the extent such invalid provision can be rendered valid by modification, you agree that the court or tribunal shall so modify such provision so as to render it valid and enforceable to the fullest extent permitted by law.

18. **Amendment.** 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. **Provisions Applicable to Participants in Jurisdictions outside the United States.** Notwithstanding any provision of this Agreement or the Plan to the contrary, if you are or become subject to the laws of a jurisdiction outside the United States, your Award shall be subject to the laws and requirements of such jurisdiction outside the United States and the terms and conditions of this Agreement are deemed modified to the extent necessary or advisable to comply with the applicable local laws or to facilitate the administration of this Agreement and the Plan. In addition, the Committee may take any other action, including amending this Agreement, before or after an Award is made, that it deems necessary or advisable to obtain approval or comply with any necessary local governmental regulatory requirements or exemptions to the extent such amendment is permissible under the Plan with or without your prior written consent.

20. **Conflicting Terms.** 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 the law governing this Agreement and any claims arising under or relating to it, Section 12 of this Agreement shall prevail.

21. **Code of Conduct Certification.** 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 and expressly conditioned upon 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.

22. **Execution and Validity of Agreement.** This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the grant contained in this Agreement shall be forfeited by you and this Agreement shall have no force and effect if it is not duly executed by electronic signature acceptable to the Company, by the date established by the Company and set forth on the website of the TPA at (www.netbenefits.fidelity.com); on which this Agreement is posted.

FORM OF AWARD AGREEMENT [NON-EXECUTIVE EMPLOYEE]**2012 Performance-Based Restricted Stock Unit Award Agreement
NCR Corporation 2011 Amended and Restated Stock Incentive Plan**

You have been awarded a number of performance-based restricted stock units (the “Stock Units”) under the NCR Corporation 2011 Amended and Restated Stock Incentive Plan (the “Plan”), as described on the performance-based restricted stock unit information page on the website (www.netbenefits.fidelity.com) of the third-party Plan administrator (the “TPA”) for NCR Corporation (referred to herein, together with its affiliate companies, as “NCR” or the “Company”), subject to the terms and conditions of this 2012 Performance-Based Restricted Stock Unit Award Agreement (this “Agreement”) and the Plan. Capitalized terms used but not defined herein are defined in the Plan.

1. **Grant of Stock Units.** Subject to potential adjustment set forth in Section 2 and further subject to the other terms and conditions of this Agreement, 50% of the Stock Units will become nonforfeitable (“Vested”) thirty-six (36) months after the date of grant of this Award (the “Grant Date”), and the remaining 50% of the Stock Units will become Vested forty-four (44) months after the Grant Date (each, a “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) for the period from January 1, 2012 through December 31, 2013 (the “Performance Period”), and (ii) you are continuously employed by NCR through and until your Vesting Date. In all cases, the Committee shall certify whether NCR has achieved the specified level of Return on Capital, and certain other discretionary performance vesting measures (as outlined in Section 2 below), within ninety (90) days following the end of the Performance Period.

2. **Performance Vesting.** The number of Stock Units awarded to you (the “Target Award Number”) may be adjusted upward or downward depending on whether NCR's Non-Pension Operating Income after Capital Charge (“NPOICC”) for all or a portion of the Performance Period (“NCR Performance”) is greater or less than the target NPOICC (the “Performance Target”) during each of the two (2) calendar years that make up the Performance Period (respectively, “Year One” and “Year Two”). You may receive up to 150% of the Target Award Number based on NCR Performance. The number of Stock Units that a Participant will receive under this Agreement, after giving effect to such adjustment, is referred to as the “Final Award Number.” The Final Award Number represents the right to receive a number of Stock Units equal to the Final Award Number, subject to the vesting requirements and distribution provisions of this Agreement and the terms of the Plan. Your Final Award Number shall be calculated as described in the following Performance Vesting Scenario chart.

Performance Vesting Scenarios and Determination of Final Award Number

Scenario	Year One NCR Performance	Year Two NCR Performance	Final Award Number
Scenario 1	Greater than or equal to 100% of Year One Performance Target	Greater than or equal to Year One Performance Target	Target Award Number multiplied by a percentage from 100% to 150%, where 100% applies where Year One NCR Performance equals Performance Target, 150% applies where Year One NCR Performance meets or exceeds Maximum, and all other percentages from 100% to 150% are determined through interpolation of the Year One NCR Performance between Performance Target and Maximum.
Scenario 2	Greater than or equal to 100% of Year One Performance Target	Less than Year One Performance Target	100% of Target Award Number.
Scenario 3	Less than or equal to 100% of Year One Performance Target and greater than Year One Threshold	Not Applicable	Target Award Number multiplied by a percentage from 25% to 100%, where 25% applies where Year One NCR Performance equals Threshold, 100% applies where Year One NCR Performance equals Performance Target, and all other percentages from 25% to 100% are determined through interpolation of the Year One NCR Performance between Threshold and Performance Target.
Scenario 4	Less than Year One Threshold	Not Applicable	0% of Target Award Number.

Notwithstanding the foregoing, the Committee reserves the right to reduce the Final Award Number based on the achievement of NPOICC during the Performance Period, and as a result, 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 Performance Vesting formula based on achievement of NPOICC only in extreme and unusual circumstances.

For purposes of this Agreement, “NPOICC” shall mean (A minus (B times C)). “A” equals “Non-Pension Operating Income” (which is operating income before defined benefit pension expense (or income) and including costs attributable to stock options) for the fiscal year, as reported by NCR at the conclusion of the fiscal year. “B” equals “Controllable Capital,” which is working capital (comprised of accounts receivable plus inventory, minus the sum of accounts payable, deferred revenue and customer deposits), plus the sum of Property, Plant & Equipment, other current assets, excluding taxes, and capitalized software, minus the sum of payroll and employee benefits and other current liabilities, excluding taxes and severance (FAS 112 liability). “C” equals 10.2%, which approximates NCR’s weighted average cost of capital for the prior year (measured on a four quarter average). “Return on Capital” shall mean Non-Pension Operating Income divided by Controllable Capital, each as defined in this Section. “Threshold” and “Maximum” shall mean the respective levels of performance outlined on the performance-based restricted stock unit information page on the website of the TPA for NCR.

3. **Settlement of Stock Units.** Except as may be otherwise provided in Section 4 or 5 below, Section 14(l) of the Plan or pursuant to an election under Section 14(k) of the Plan, 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 of such number of shares of NCR common stock on date that immediately precedes the Vesting Date (or such earlier date upon which the Stock Units have become Vested pursuant to Section 4 of this Agreement), or a combination thereof.

4, **Certain Events Prior to Vesting Date.** The Plan provides for what happens in connection with certain events prior to vesting of the Award. The following charts describe the more common events.

Termination Provisions

Termination Event	Treatment of Stock Units
Death or Disability	Prorated Vesting-A pro rata portion of the Stock Units that will become Vested pursuant to this Section 4 will be determined by multiplying the Target Award Number by a fraction the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is forty-four (44) (the “Pro-rata Fraction”) minus the Stock Units that had become Vested on or prior to the date of your termination of employment.
Involuntary Termination	Prorated Vesting-A pro rata portion of the Stock Units will become Vested, on the Vesting Date. The pro rata portion will be determined by calculating the total number of shares you would have received (as determined under Section 2) as if your NCR employment had not terminated prior to your Vesting Date and multiplying that number by the Pro-rata Fraction.
Voluntary Resignation	Forfeited-Unvested Stock Units will be forfeited.
Termination for “Cause”	Forfeited-Unvested Stock Units will be forfeited.

For purposes of this Agreement, “Disability” means Termination of Employment (as defined in the Plan) with 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. “Involuntary Termination” means Termination of Employment by the Company for any reason other than for Cause (as defined in the Plan), excluding termination by the Company during the 24 months following a Change in Control.

Change in Control Provisions

Termination Event	Treatment of Stock Units
Change in Control occurring prior to the end of Year One	The Target Award Number of Stock Units shall become Vested on your Vesting Date (without regard to performance or proration), subject to your continued employment through and until your Vesting Date.
Change in Control occurring on or after the end of Year One but before the end of the Performance Period	The Stock Units shall become Vested on your Vesting Date (without regard to proration) based on NCR Performance for Year One (as if NCR Performance for Year Two is greater than NCR Performance for Year One) as determined under Scenario 1 of Section 2.
Change in Control occurring on or after the end of the Performance Period but prior to Vesting Date	The Stock Units shall Vest on your Vesting Date as determined under Section 2.

Notwithstanding any other provision of this Agreement to the contrary other than Sections 6, 10, 12, 13 and 22:

(i) where the Stock Units are assumed, converted or replaced by the continuing entity, if, during the twenty-four (24) months following the Change in Control, you incur a Termination of Employment by NCR or the continuing entity other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent you are a Participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise, as defined in the Plan) or Disability or, if you are a Participant in the NCR Change in Control Severance Plan, an NCR 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 become Vested immediately upon your Termination of Employment in the amounts determined as set forth in the chart above; and

(ii) in the event a Change in Control occurs prior to the Vesting Date and the Stock Units are not assumed, converted or replaced by the continuing entity, the Stock Units shall become Vested immediately prior to the Change in Control in the amounts determined as set forth in the chart above.

5. **Compliance with 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 there from, and this Agreement shall be interpreted, administered and governed in accordance with such intent.

6. **Confidentiality.** By accepting this Award, except to the extent 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.

7. **Adjustments Based on Certain Changes in the Common Stock.** In the event of any stock split, reverse stock split, stock dividend, recapitalization or similar change affecting the common stock, the Award shall be equitably adjusted in accordance with Section 3(d) of the Plan.

8. **Nontransferability.** At all times before the Vesting Date, the Stock Units, to the extent not fully Vested, may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, by will or by the laws of descent and distribution upon your death. As soon as practicable after the Vesting Date (or such other date as Stock Units become payable in accordance with Section 4), if Stock Units are to be paid in the form of shares of NCR common stock, NCR will instruct its transfer agent and/or its TPA to record on your account the number of such shares underlying the number of Stock Units, and such shares will be freely transferable.

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

10. **Misconduct.** 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.

11. **Withholding.** If the Company, in its sole discretion, determines that it has incurred or will incur any obligation to withhold taxes as a result of your Award, the Company may withhold the number of shares it determines is required to satisfy such liability and/or the Company may withhold amounts from other compensation to the extent required to satisfy such liability under

federal, state, provincial, local, foreign or other tax laws. In lieu of withholding the value of shares, the Company may require a recipient of an Award to reimburse the Company for any such taxes required to be withheld upon such terms and conditions as the Company may prescribe, including requiring you to sell shares of NCR common stock to cover the withholding requirement.

12. **Noncompetition and Nonsolicitation.** In exchange for the consideration you are receiving pursuant to the terms of this Agreement, you agree that during your employment with NCR and for a twelve month period after its termination (or if applicable law mandates a maximum time that is shorter than twelve 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) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; (iii) on behalf of yourself or a person or entity in competition with NCR that is not one of the named "Competing Organizations" either on the list below in this Section 12 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g)); and (iv) within the territory where or for which you performed such services within the two years preceding your termination to the extent a specific geographic territory was assigned to you or, if no territory was assigned to you, then within a 250-mile radius from the primary office or other location where you worked during the last two years of your NCR employment;

(b) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; and (iii) on behalf of any named "Competing Organization" either on the list below in this Section 12 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g));

(c) directly or indirectly recruit, hire, solicit or induce, or attempt to recruit, hire, solicit or induce, any employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates; or

(d) solicit or attempt to solicit the business of any NCR customers or actively sought prospective customers with which you had material contact during the last two years of your NCR employment. "Material contact" means the contact between you and each customer or actively sought prospective customer (i) with which you dealt on behalf of NCR, (ii) whose dealings with NCR were coordinated or supervised by you, (iii) about whom you obtained confidential information in the ordinary course of business as a result of your association with NCR, or (iv) who receives products or services authorized by NCR, the sale or provision of which results or resulted in compensation, commissions, or earnings for you within the two years prior to the date of the your termination.

(e) All references to “NCR” in this Section 12 shall be deemed to include its subsidiaries and affiliates, and references to “NCR employment” shall be deemed to include your employment, if any, by a company the stock or substantially all the assets of which NCR has acquired. As a non-limiting example, a reference to the “last two years of your NCR employment” may include both time as an NCR employee and time as a Radiant Systems employee.

(f) The covenants contained within this Section 12 are a material component of the consideration for this agreement. If you breach any of these covenants, NCR shall be entitled to all of its remedies at law or in equity, including but not limited to money damages and injunctive relief. In the event of such a breach, in addition to NCR's other remedies, any unvested Stock Units will be immediately forfeited and deemed canceled, and you agree to pay immediately to NCR the Fair Market Value of any Stock Units that vested during the eighteen (18) months prior to the date of your termination of employment (or if applicable law mandates a maximum time that is shorter than eighteen (18) months, then for a period of time equal to the shorter maximum period), without regard to whether you continue to own the shares associated with such Stock Units or not.

(g) For purposes of this Agreement, “Competing Organizations” shall be the following as of February 2012. The list of Competing Organizations is updated and revised from time to time, and such updated lists shall be deemed a part of this Agreement; the current list may be obtained from the NCR Law Department or the NCR Human Resources Department upon request, or from the NCR Human Resources intranet website.

Agilysys	Hyosung	Pinnacle Corporation
Amadeus	IBM	POSitech
Arinc.	IER	Redbox
Casio America, Inc.	Intuit	Retail Pro International
Coinstar/Redbox	Itautec	Retalix
Dell, Inc.	JDA Software	Schades-Heipa
Diebold	KAL (Korala Associates)	Sharp
Dresser	Kiosk (KIS)	SITA
Eastcom	LGN-Sys	Sonic Solutions
EPIC	Mahathi	Talaris
Epicor	Micros Systems	Tolt
Fujitsu	Nashua	Unisys
Getronics	Netflix	Verifone
Gilbarco Veeder-Root	NRT	Vista
Glory	Oki	Wand
GRG Banking Equipment	Panasonic Corporation	Wincor
Hewlett Packard	PAR Technology Corporation	Xpient
Hitachi	Pendum	

13. **Compensation Recovery Policy.** By accepting the Stock Units, you acknowledge and agree that to the extent 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.

14. **Dispute Resolution.** 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 with NCR shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the then current rules of the American Arbitration Association in or near the city where you work or 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 your NCR business organization. The arbitration shall be held before a single arbitrator who is an attorney. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. 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; in all other respects, this Agreement shall be governed by the laws of the State of Georgia, without regard to its conflict-of-laws principles. Each party shall bear its own attorney fees associated with the arbitration; other costs, and the expenses of the arbitration, shall be borne as provided by the rules of the American Arbitration Association or by similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held unenforceable, it shall be severed and shall not affect the duty to arbitrate nor any other part of this paragraph.

Notwithstanding the preceding subparagraph, you acknowledge that if you breach any of the covenants set forth in 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 any of the Section 12 covenants, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief pending appointment of an arbitrator and completion of an arbitration, and in such instance shall not be required to post a bond.

15. **Beneficiaries.** Subject to the terms of this Agreement, you may at any time designate through the TPA, 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 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.

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

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

18. **Severability.** 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, it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law. Provided, however, that to the extent such invalid provision can be rendered valid by modification, you agree that the court or tribunal shall so modify such provision so as to render it valid and enforceable to the fullest extent permitted by law.

19. **Amendment.** 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.

20. **Provisions Applicable to Participants in Jurisdictions outside the United States.** Notwithstanding any provision of this Agreement or the Plan to the contrary, if you are or become subject to the laws of a jurisdiction outside the United States, your Award shall be subject to the laws and requirements of such jurisdiction outside the United States and the terms and conditions of this Agreement are deemed modified to the extent necessary or advisable to comply with the applicable local laws or to facilitate the administration of this Agreement and the Plan. In addition, the Committee may take any other action, including amending this Agreement, before or after an Award is made, that it deems necessary or advisable to obtain approval or comply with any necessary local governmental regulatory requirements or exemptions to the extent such amendment is permissible under the Plan with or without your prior written consent.

21. **Conflicting Terms.** 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 the law governing this Agreement and any claims arising under or relating to it, Section 14 of this Agreement shall prevail.

22. **Code of Conduct Certification.** 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 and expressly conditioned upon 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.

23. **Execution and Validity of Agreement.** This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the grant contained in this Agreement shall be forfeited by you and this Agreement shall have no force and effect if it is not duly executed by electronic signature acceptable to the Company, by the date established by the Company and set forth on the website of the TPA at (www.netbenefits.fidelity.com); on which this Agreement is posted.

FORM OF AWARD AGREEMENT [EXECUTIVE]**2012 Performance-Based Restricted Stock Unit Award Agreement
NCR Corporation 2011 Amended and Restated Stock Incentive Plan**

You have been awarded a number of performance-based restricted stock units (the "Stock Units") under the NCR Corporation 2011 Amended and Restated Stock Incentive Plan (the "Plan"), as described on the performance-based restricted stock unit information page on the website (www.netbenefits.fidelity.com) of the third-party Plan administrator (the "TPA") for NCR Corporation (referred to herein, together with its affiliate companies, as "NCR" or the "Company"), subject to the terms and conditions of this 2012 Performance-Based Restricted Stock Unit Award Agreement (this "Agreement") and the Plan. Capitalized terms used but not defined herein are defined in the Plan.

1. **Grant of Stock Units.** Subject to potential adjustment set forth in Section 2 and further subject to the other terms and conditions of this Agreement, 50% of the Stock Units will become nonforfeitable ("Vested") thirty-six (36) months after the date of grant of this Award (the "Grant Date"), and the remaining 50% of the Stock Units will become Vested forty-four (44) months after the Grant Date (each, a "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) for the period from January 1, 2012 through December 31, 2013 (the "Performance Period"), and (ii) you are continuously employed by NCR through and until your Vesting Date. In all cases, the Committee shall certify whether NCR has achieved the specified level of Return on Capital, and certain other discretionary performance vesting measures (as outlined in Section 2 below), within ninety (90) days following the end of the Performance Period.

2. **Performance Vesting.** The number of Stock Units awarded to you (the "Target Award Number") may be adjusted upward or downward depending on whether NCR's Non-Pension Operating Income after Capital Charge ("NPOICC") for all or a portion of the Performance Period ("NCR Performance") is greater or less than the target NPOICC (the "Performance Target") during each of the two (2) calendar years that make up the Performance Period (respectively, "Year One" and "Year Two"). You may receive up to 150% of the Target Award Number based on NCR Performance. The number of Stock Units that a Participant will receive under this Agreement, after giving effect to such adjustment, is referred to as the "Final Award Number." The Final Award Number represents the right to receive a number of Stock Units equal to the Final Award Number, subject to the vesting requirements and distribution provisions of this Agreement and the terms of the Plan. Your Final Award Number shall be calculated as described in the following Performance Vesting Scenario chart.

Performance Vesting Scenarios and Determination of Final Award Number

Scenario	Year One NCR Performance	Year Two NCR Performance	Final Award Number
Scenario 1	Greater than or equal to 100% of Year One Performance Target	Greater than or equal to Year One Performance Target	Target Award Number multiplied by a percentage from 100% to 150%, where 100% applies where Year One NCR Performance equals Performance Target, 150% applies where Year One NCR Performance meets or exceeds Maximum, and all other percentages from 100% to 150% are determined through interpolation of the Year One NCR Performance between Performance Target and Maximum.
Scenario 2	Greater than or equal to 100% of Year One Performance Target	Less than Year One Performance Target	100% of Target Award Number.
Scenario 3	Less than or equal to 100% of Year One Performance Target and greater than Year One Threshold	Not Applicable	Target Award Number multiplied by a percentage from 25% to 100%, where 25% applies where Year One NCR Performance equals Threshold, 100% applies where Year One NCR Performance equals Performance Target, and all other percentages from 25% to 100% are determined through interpolation of the Year One NCR Performance between Threshold and Performance Target.
Scenario 4	Less than Year One Threshold	Not Applicable	0% of Target Award Number.

Notwithstanding the foregoing, the Committee reserves the right to reduce the Final Award Number based on the achievement of NPOICC during the Performance Period, and as a result, 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 Performance Vesting formula based on achievement of NPOICC only in extreme and unusual circumstances.

For purposes of this Agreement, “NPOICC” shall mean (A minus (B times C)). “A” equals “Non-Pension Operating Income” (which is operating income before defined benefit pension expense (or income) and including costs attributable to stock options) for the fiscal year, as reported by NCR at the conclusion of the fiscal year. “B” equals “Controllable Capital,” which is working capital (comprised of accounts receivable plus inventory, minus the sum of accounts payable, deferred revenue and customer deposits), plus the sum of Property, Plant & Equipment, other current assets, excluding taxes, and capitalized software, minus the sum of payroll and employee benefits and other current liabilities, excluding taxes and severance (FAS 112 liability). “C” equals 10.2%, which approximates NCR's weighted average cost of capital for the prior year (measured on a four quarter average). “Return on Capital” shall mean Non-Pension Operating Income divided by Controllable Capital, each as defined in this Section. “Threshold” and “Maximum” shall mean the respective levels of performance outlined on the performance-based restricted stock unit information page on the website of the TPA for NCR.

3. **Settlement of Stock Units.** Except as may be otherwise provided in Section 4 or 5 below, Section 14(l) of the Plan or pursuant to an election under Section 14(k) of the Plan, 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 of such number of shares of NCR common stock on date that immediately precedes the Vesting Date (or such earlier date upon which the Stock Units have become Vested pursuant to Section 4 of this Agreement), or a combination thereof.

4. **Certain Events Prior to Vesting Date.** The Plan provides for what happens in connection with certain events prior to vesting of the Award. The following charts describe the more common events.

Termination Provisions

Termination Event	Treatment of Stock Units
Death or Disability	Prorated Vesting-A pro rata portion of the Stock Units that will become Vested pursuant to this Section 4 will be determined by multiplying the Target Award Number by a fraction the numerator of which is the number of full and partial months of employment that you completed after the Grant Date, and the denominator of which is forty-four (44) (the "Pro-rata Fraction") minus the Stock Units that had become Vested on or prior to the date of your termination of employment.
Involuntary Termination	Prorated Vesting-A pro rata portion of the Stock Units will become Vested, on the Vesting Date. The pro rata portion will be determined by calculating the total number of shares you would have received (as determined under Section 2) as if your NCR employment had not terminated prior to your Vesting Date and multiplying that number by the Pro-rata Fraction.
Voluntary Resignation	Forfeited-Unvested Stock Units will be forfeited.
Termination for "Cause"	Forfeited-Unvested Stock Units will be forfeited.

For purposes of this Agreement, "Disability" means Termination of Employment (as defined in the Plan) with 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. "Involuntary Termination" means Termination of Employment by the Company for any reason other than for Cause (as defined in the Plan), excluding termination by the Company during the 24 months following a Change in Control.

Change in Control Provisions

Termination Event	Treatment of Stock Units
Change in Control occurring prior to the end of Year One	The Target Award Number of Stock Units shall become Vested on your Vesting Date (without regard to performance or proration), subject to your continued employment through and until your Vesting Date.
Change in Control occurring on or after the end of Year One but before the end of the Performance Period	The Stock Units shall become Vested on your Vesting Date (without regard to proration) based on NCR Performance for Year One (as if NCR Performance for Year Two is greater than NCR Performance for Year One) as determined under Scenario 1 of Section 2.
Change in Control occurring on or after the end of the Performance Period but prior to Vesting Date	The Stock Units shall Vest on your Vesting Date as determined under Section 2.

Notwithstanding any other provision of this Agreement to the contrary other than Sections 6, 10, 12, 13 and 22:

(i) where the Stock Units are assumed, converted or replaced by the continuing entity, if, during the twenty-four (24) months following the Change in Control, you incur a Termination of Employment by NCR or the continuing entity other than for Cause (as defined in the NCR Change in Control Severance Plan, to the extent you are a Participant in the NCR Change in Control Severance Plan at the time of such Termination of Employment; otherwise, as defined in the Plan) or Disability or, if you are a Participant in the NCR Change in Control Severance Plan, an NCR 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 become Vested immediately upon your Termination of Employment in the amounts determined as set forth in the chart above; and

(ii) in the event a Change in Control occurs prior to the Vesting Date and the Stock Units are not assumed, converted or replaced by the continuing entity, the Stock Units shall become Vested immediately prior to the Change in Control in the amounts determined as set forth in the chart above.

5. **Compliance with 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 there from, and this Agreement shall be interpreted, administered and governed in accordance with such intent.

6. **Confidentiality.** By accepting this Award, except to the extent 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.

7. **Adjustments Based on Certain Changes in the Common Stock.** In the event of any stock split, reverse stock split, stock dividend, recapitalization or similar change affecting the common stock, the Award shall be equitably adjusted in accordance with Section 3(d) of the Plan.

8. **Nontransferability.** At all times before the Vesting Date, the Stock Units, to the extent not fully Vested, may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, by will or by the laws of descent and distribution upon your death. As soon as practicable after the Vesting Date (or such other date as Stock Units become payable in accordance with Section 4), if Stock Units are to be paid in the form of shares of NCR common stock, NCR will instruct its transfer agent and/or its TPA to record on your account the number of such shares underlying the number of Stock Units, and such shares will be freely transferable.

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

10. **Misconduct.** 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.

11. **Withholding.** If the Company, in its sole discretion, determines that it has incurred or will incur any obligation to withhold taxes as a result of your Award, the Company may withhold

the number of shares it determines is required to satisfy such liability and/or the Company may withhold amounts from other compensation to the extent required to satisfy such liability under federal, state, provincial, local, foreign or other tax laws. In lieu of withholding the value of shares, the Company may require a recipient of an Award to reimburse the Company for any such taxes required to be withheld upon such terms and conditions as the Company may prescribe, including requiring you to sell shares of NCR common stock to cover the withholding requirement.

12. **Noncompetition and Nonsolicitation.** In exchange for the consideration you are receiving pursuant to the terms of this Agreement, you agree that during your employment with NCR and for a twelve month period after its termination (or if applicable law mandates a maximum time that is shorter than twelve 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) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; (iii) on behalf of yourself or a person or entity in competition with NCR that is not one of the named "Competing Organizations" either on the list below in this Section 11 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g)); and (iv) anywhere within the United States, or in any State or territory thereof in which NCR does or did business during your NCR employment, all of which States or territories are deemed to be separately set forth here and the names of which are incorporated by reference;

(b) perform services, directly or indirectly, (i) of the type conducted, authorized, offered, or provided by you on behalf of NCR within the two years prior to termination of your NCR employment; (ii) in connection with products, services, systems or solutions that are similar to or serve the same functions as those with respect to which you worked for NCR within the last two years of your NCR employment; and (iii) on behalf of any named "Competing Organization" either on the list below in this Section 12 or, as applicable, on the list currently in effect at the time of termination of your NCR employment (available from the NCR Human Resources intranet website; the list as of February 2012 is set forth below in subparagraph (g));

(c) directly or indirectly recruit, hire, solicit or induce, or attempt to recruit, hire, solicit or induce, any employee of NCR, its subsidiaries or affiliates, to terminate his or her employment with NCR, its subsidiaries or affiliates; or

(d) solicit or attempt to solicit the business of any NCR customers or actively sought prospective customers with which you had material contact during the last two years of your NCR employment. "Material contact" means the contact between you and each customer or actively sought prospective customer (i) with which you dealt on behalf of NCR, (ii) whose dealings with NCR were coordinated or supervised by you, (iii) about whom you obtained confidential information in the ordinary course of business as a result of your association with NCR, or (iv) who receives products or services authorized by NCR, the sale or provision of which results or resulted in compensation, commissions, or earnings for you within the two years prior to the date of your termination.

(e) All references to “NCR” in this Section 12 shall be deemed to include its subsidiaries and affiliates, and references to “NCR employment” shall be deemed to include your employment, if any, by a company the stock or substantially all the assets of which NCR has acquired. As a non-limiting example, a reference to the “last two years of your NCR employment” may include both time as an NCR employee and time as a Radiant Systems employee.

(f) The covenants contained within this Section 12 are a material component of the consideration for this agreement. If you breach any of these covenants, NCR shall be entitled to all of its remedies at law or in equity, including but not limited to money damages and injunctive relief. In the event of such a breach, in addition to NCR's other remedies, any unvested Stock Units will be immediately forfeited and deemed canceled, and you agree to pay immediately to NCR the Fair Market Value of any Stock Units that vested during the eighteen (18) months prior to the date of your termination of employment (or if applicable law mandates a maximum time that is shorter than eighteen (18) months, than for a period of time equal to the shorter maximum period), without regard to whether you continue to own the shares associated with such Stock Units or not.

(g) For purposes of this Agreement, “Competing Organizations” shall be the following as of February 2012. The list of Competing Organizations is updated and revised from time to time, and such updated lists shall be deemed a part of this Agreement; the current list may be obtained from the NCR Law Department or the NCR Human Resources Department upon request, or from the NCR Human Resources intranet website.

Agilysys	Hyosung	Pinnacle Corporation
Amadeus	IBM	POSitech
Arinc.	IER	Redbox
Casio America, Inc.	Intuit	Retail Pro International
Coinstar/Redbox	Itautec	Retalix
Dell, Inc.	JDA Software	Schades-Heipa
Diebold	KAL (Korala Associates)	Sharp
Dresser	Kiosk (KIS)	SITA
Eastcom	LGN-Sys	Sonic Solutions
EPIC	Mahathi	Talaris
Epicor	Micros Systems	Tolt
Fujitsu	Nashua	Unisys
Getronics	Netflix	Verifone
Gilbarco Veeder-Root	NRT	Vista
Glory	Oki	Wand
GRG Banking Equipment	Panasonic Corporation	Wincor
Hewlett Packard	PAR Technology Corporation	Xpient
Hitachi	Pendum	

13. **Compensation Recovery Policy.** By accepting the Stock Units, you acknowledge and agree that to the extent 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.

14. **Dispute Resolution.** 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 with NCR shall be resolved by binding arbitration. If you are employed in the United States, the arbitration shall be pursuant to the then current rules of the American Arbitration Association in or near the city where you work or 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 your NCR business organization. The arbitration shall be held before a single arbitrator who is an attorney. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction. 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; in all other respects, this Agreement shall be governed by the laws of the State of Georgia, without regard to its conflict-of-laws principles. Each party shall bear its own attorney fees associated with the arbitration; other costs, and the expenses of the arbitration, shall be borne as provided by the rules of the American Arbitration Association or by similar applicable rules for an arbitration held outside the United States. If any portion of this paragraph is held unenforceable, it shall be severed and shall not affect the duty to arbitrate nor any other part of this paragraph.

Notwithstanding the preceding subparagraph, you acknowledge that if you breach any of the covenants set forth in 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 any of the Section 12 covenants, NCR may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief pending appointment of an arbitrator and completion of an arbitration, and in such instance shall not be required to post a bond.

15. **Beneficiaries.** Subject to the terms of this Agreement, you may at any time designate through the TPA, 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 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.

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

17. **Application to Other Compensation.** Your participation in the Plan is voluntary.

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

18. **Severability.** 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, it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law. Provided, however, that to the extent such invalid provision can be rendered valid by modification, you agree that the court or tribunal shall so modify such provision so as to render it valid and enforceable to the fullest extent permitted by law.

19. **Amendment.** 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.

20. **Provisions Applicable to Participants in Jurisdictions outside the United States.** Notwithstanding any provision of this Agreement or the Plan to the contrary, if you are or become subject to the laws of a jurisdiction outside the United States, your Award shall be subject to the laws and requirements of such jurisdiction outside the United States and the terms and conditions of this Agreement are deemed modified to the extent necessary or advisable to comply with the applicable local laws or to facilitate the administration of this Agreement and the Plan. In addition, the Committee may take any other action, including amending this Agreement, before or after an Award is made, that it deems necessary or advisable to obtain approval or comply with any necessary local governmental regulatory requirements or exemptions to the extent such amendment is permissible under the Plan with or without your prior written consent.

21. **Conflicting Terms.** 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 the law governing this Agreement and any claims arising under or relating to it, Section 14 of this Agreement shall prevail.

22. **Code of Conduct Certification.** 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 and expressly conditioned upon 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.

23. **Execution and Validity of Agreement.** This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the grant contained in this Agreement shall be forfeited by you and this Agreement shall have no force and effect if it is not duly executed by electronic signature acceptable to the Company, by the date established by the Company and set forth on the website of the TPA at (www.netbenefits.fidelity.com); on which this Agreement is posted.

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 27, 2012

/s/ William Nuti

Chairman of the Board, Chief Executive Officer and President

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

I, Robert Fishman, certify that:

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

Date: April 27, 2012

/s/ Robert Fishman

Senior Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NCR Corporation, a Maryland corporation (the "Company"), on Form 10-Q for the period ending March 31, 2012 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

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

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

Date: April 27, 2012

/s/ William Nuti

Chairman of the Board, Chief Executive Officer and President

Date: April 27, 2012

/s/ Robert Fishman

Senior Vice President and Chief Financial Officer

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