

## Second-Quarter 2009 Highlights

**Financial highlights** - Year-over-year revenue was impacted by the overall downturn in the global economy and its impact on capital spending, particularly in the financial services and retail and hospitality industries. Revenues declined 13 percent in the Americas region, primarily due to lower product sales to customers in the financial services and retail and hospitality industries in the United States, the Caribbean, and Latin America.

Revenue was also negatively impacted by 1 percent due to foreign currency translation. In the Europe-Middle East-Africa (EMEA) region, the revenue decline of 25 percent was due primarily to lower product sales to customers in the financial services and retail and hospitality industries. Revenue was also negatively impacted by 7 percent due to foreign currency translation. Revenues fell 2 percent in the Asia-Pacific-Japan region due to the negative impact of foreign currency translation of 4 percent. Excluding the impact of currency translation, sales increased to customers in the retail and hospitality industry in Southern Asia Pacific and Japan, helping to offset declines in sales to customers in the financial services industry.

Income from operations was \$39 million in the second quarter of 2009 and included \$39 million of pension expense. This compares to \$62 million of income from operations in the second quarter of 2008, which included \$7 million of pension expense and \$32 million of costs related to organizational realignment activities. Excluding these items and pension expense, non-GAAP income from operations<sup>(2)</sup> decreased 23 percent to \$78 million in the second quarter of 2009 compared to \$101 million in the second quarter of 2008.

NCR generated \$27 million of cash from operating activities during the second quarter of 2009 compared to \$69 million in the year-ago period. Capital expenditures of \$36 million in the second quarter of 2009 were unchanged from the \$36 million in capital expenditures in the year-ago period. NCR generated negative free cash flow of \$9 million (cash from operations less capital expenditures)<sup>(3)</sup> in the second quarter of 2009, compared to free cash flow of \$33 million in the second quarter of 2008. Operating cash flow for the second quarter of 2009 was negatively impacted by \$25 million related to the net funding for remediation activities in connection with the Fox River environmental matter.

Other income of \$4 million in the second quarter of 2009 was unchanged in comparison to the second quarter of 2008. Other income and expense in the second quarter of 2009 included a \$4 million benefit from an insurance settlement related to the Fox River environmental matter.

Income tax expense for the second quarter of 2009 was \$14 million, resulting in an effective income tax rate of 37%. This compared to income tax expense of \$17 million and an effective income tax rate of 28% in the second quarter of 2008. The increase in the quarterly effective income tax rate was primarily due to an unfavorable mix of taxable profits and losses by country. NCR expects its full year 2009 effective income tax rate to be 25%.

NCR ended the quarter with \$407 million in cash and cash equivalents, a \$310 million decrease from the \$717 million balance as of March 31, 2009. The decrease in cash and cash equivalents is mainly due to the repayment of \$300 million in senior unsecured notes that came due in June, 2009. As of June 30, 2009, NCR had a debt balance of \$7 million.

**Business highlights** – In the second quarter of 2009, NCR embarked on a strategic plan to strengthen its global competitive position through refined infrastructure and sourcing facilities, and drove increased penetration of its leading edge self-service solutions across key markets including the entertainment, travel, and healthcare industries.

NCR will create a new global self-service innovation headquarters and a separate state-of-the-art, clean-energy based manufacturing facility for the company's next generation of NCR SelfServ™ ATM solutions in Columbus, Georgia. In Brazil, NCR is committed to creating a new manufacturing and research and development center which will produce advanced ATM's for

Brazil, Latin America and Caribbean markets. NCR expects both facilities to be operational by year-end 2009. The company also expects that the facility in Brazil will expand over time to include self-service technologies for a variety of industries.

NCR made further progress implementing its entertainment kiosk strategy during the second quarter. In April, NCR purchased TNR Holdings Corp., the second largest DVD kiosk operator in North America, with the goal of expanding the NCR SelfServ™ Entertainment portfolio across the continent as part of its strategic partnership with Blockbuster Inc. In addition, another kiosk business in which NCR is invested, e-Play, has made strategic progress in its efforts to move beyond movies and leverage its self-service capabilities to enter the video game trade and resale market.

Delta Airlines, a long-time kiosk customer, became the first airline to shift to NCR's highly advanced TouchPort 70 check-in kiosk which greatly accelerates the check-in process. NCR also saw the first deployment of its TouchPort airline kiosks in China, as China Southern Airlines deployed kiosks across several of its major hubs. The partnership strengthens NCR's global airline check-in business and establishes a presence in the world's second largest airline market and one where passengers exhibit a strong preference for interacting via self-service channels.

NCR also secured new customers for its healthcare self-service offerings. Conifer Health Solutions began deploying NCR MediKiosks and the NCR Patient Portal across numerous hospitals and health systems and has garnered high levels of usage and patient satisfaction. A survey of U.S. and Canadian consumers demonstrated that individuals are looking to self-service technologies as a means to simplify medical based interactions.

## 2009 Outlook

NCR continues to expect full-year 2009 revenues to be in the range of 5 percent to 10 percent lower on a constant currency basis compared with 2008. Based on average exchange rates for June, this would translate to reported revenue being down in the range of 7 percent to 12 percent for the year. Including the previously announced \$60 million investment in the entertainment portfolio, the company expects its full-year 2009 Non-pension operating income (NPOI)<sup>(2)</sup> to be in the range of \$310 million to \$350 million and GAAP and non-GAAP earnings from continuing operations to be in the range of \$0.60 to \$0.75 per diluted share.<sup>(1)</sup> The 2009 EPS guidance includes pension expense of \$170 million, an increase of approximately \$145 million compared to 2008.

	<b>Current 2009 Guidance</b>	<b>Prior 2009 Guidance</b>
Year-over-year revenue (constant currency)	<b>(5%) – (10%)</b>	<b>(5%) – (10%)</b>
Non-pension operating income <sup>(2)</sup>	<b>\$310 - \$350 million</b>	<b>\$310 - \$350 million</b>
Diluted earnings per share (GAAP)	<b>\$0.60 - \$0.75</b>	<b>\$0.60 - \$0.75</b>
Diluted earnings per share (non-GAAP) <sup>(1)</sup>	<b>\$0.60 - \$0.75</b>	<b>\$0.60 - \$0.75</b>

## Reconciliation of Diluted Earnings from Continuing Operations GAAP to Non-GAAP Measures

	Q2 2009	Q2 2008	Current 2009
	Actual	Actual	Guidance
<b>Diluted Earnings Per Share (GAAP)</b>	<b>\$0.14</b>	<b>\$0.26</b>	<b>\$0.60-\$0.75</b>

Organizational realignment costs, net	-	(0.14)	-
Impairment of equity method investment	-	-	(0.03)
Fox River environmental matter	0.01	-	0.04
<b>Diluted Earnings Per Share (non-GAAP)<sup>(1)</sup></b>	<b>\$0.13</b>	<b>\$0.40</b>	<b>\$0.60-\$0.75</b>

## Free Cash Flow

For the Periods Ended June 30

(in millions)

	Three Months		Six Months	
	2009	2008	2009	2008
<b>Cash provided by operating activities (GAAP)</b>	\$27	\$69	\$65	\$150
Less capital expenditures for:				
Expenditures for property, plant and equipment	(19)	(19)	(29)	(36)
Additions to capitalized software	(17)	(17)	(32)	(32)
Total capital expenditures	(36)	(36)	(61)	(68)
<b>Free cash flow (non-GAAP)<sup>(3)</sup></b>	<b>(\$9)</b>	<b>\$33</b>	<b>\$4</b>	<b>\$82</b>

(1) NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP. However, the company believes that certain non-GAAP measures found in this release are useful for investors.

NCR's management evaluates the company's results excluding certain items to assess the financial performance of the company and believes this information is useful for investors because it provides a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with past reports of financial results. In addition, management uses earnings per share excluding these items to manage and determine effectiveness of its business managers and as a basis for incentive compensation. These non-GAAP measures should not be considered as substitutes for or superior to results determined in accordance with GAAP.

(2) The segment results included in Schedule B and non-GAAP income from operations discussed in this earnings release exclude the impact of pension expense and certain items. Schedule B, included in this earnings release, reconciles total income from operations excluding pension expense and certain items to income from operations for the company. NCR's management evaluates the company's results excluding certain items to assess the financial performance of the company and believes this information is useful for investors because it provides a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with past reports of financial results. These non-GAAP measures should not be considered as substitutes for or superior to results determined in accordance with GAAP.

NCR defines free cash flow as cash provided/used by operating activities less capital expenditures for property, plant and equipment, and additions to capitalized software. 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. NCR's management uses free cash flow to assess the financial performance of the company and believes it is useful for investors because it relates the operating cash flow of the company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures for, among other things, investment in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of company stock and repayment of the company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered a substitute for or superior to cash flows from operating activities determined in accordance with GAAP.

**Note to investors** - This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, future economic performance and statements concerning analysts' earnings estimates, among other things. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause NCR's actual results to differ materially.

In addition to the factors discussed in this release, other risks and uncertainties include those relating to: the uncertain economic climate, in particular the current global credit crisis, which could impact the ability of our customers to make capital expenditures, thereby affecting their ability to purchase our products, and consolidation in the financial services sector, which could impact our business by reducing our customer base; 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; 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; the effect of currency translation; 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, including potential impact from our transition from a business unit to functional organizational model; 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 and the company's announced relocation of its headquarters from Ohio to Georgia; availability and successful exploitation of new acquisition and alliance opportunities; 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; and other factors detailed from time to time in the company's U.S. Securities and Exchange Commission reports and the company's annual reports to stockholders. The company 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.

## **Schedule A**

### **NCR CORPORATION**

### **CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited)**

**(in millions, except per share amounts)**

For the Periods Ended June 30

	Three Months		Six Months	
	2009	2008	2009	2008
<b>Revenue</b>				
Products	\$ 540	\$ 704	\$ 998	\$ 1,307
Services	584	628	1,134	1,208
<b>Total revenue</b>	1,124	1,332	2,132	2,515
Cost of products	423	512	793	953
Cost of services	472	533	926	1,016
<b>Total gross margin</b>	229	287	413	546
% of Revenue	20.4 %	21.5 %	19.4 %	21.7 %
Selling, general and administrative expenses	156	184	315	343
Research and development expenses	34	41	69	76
<b>Income from operations</b>	39	62	29	127
% of Revenue	3.5 %	4.7 %	1.4 %	5.0 %
Interest expense	5	5	10	11
Other income, net	(4 )	(4 )	(4 )	(11 )
<b>Total other expense, net</b>	1	1	6	-
<b>Income before income taxes and discontinued operations</b>	38	61	23	127
% of Revenue	3.4 %	4.6 %	1.1 %	5.0 %
Income tax expense	14	17	13	34
Income from continuing operations	24	44	10	93
Loss from discontinued operations, net of tax	-	(1 )	-	(2 )
<b>Net income</b>	24	43	\$ 10	\$ 91
Net income (loss) attributable to noncontrolling interests	1	(1 )	\$ 2	\$ (1 )
<b>Net income attributable to NCR</b>	\$ 23	\$ 44	\$ 8	\$ 92

**Amounts attributable to NCR  
common stockholders:**

Income from continuing operations	\$ 23	\$ 45	\$ 8	\$ 94
Loss from discontinued operations, net of tax	-	(1 )	-	(2 )
Net income	\$ 23	\$ 44	\$ 8	\$ 92

**Income per share attributable to  
NCR common stockholders:**

**Net income per common share  
from continuing operations**

Basic	\$ 0.14	\$ 0.27	\$ 0.05	\$ 0.55
Diluted	\$ 0.14	\$ 0.26	\$ 0.05	\$ 0.54

**Net income per common share**

Basic	\$ 0.14	\$ 0.26	\$ 0.05	\$ 0.54
Diluted	\$ 0.14	\$ 0.26	\$ 0.05	\$ 0.53

**Weighted average common shares  
outstanding**

Basic	158.7	166.8	158.5	169.9
Diluted	159.8	169.9	159.6	172.8

**Schedule B**

**NCR CORPORATION  
CONSOLIDATED REVENUE and OPERATING INCOME SUMMARY  
(Unaudited)  
(in millions)**

	For the Periods Ended June 30					
	Three Months			Six Months		
	2009	2008	% Change	2009	2008	% Change
<b>Revenue by segment</b>						
Americas	\$ 505	\$ 578	(13 %)	\$ 964	\$ 1,065	(9 %)

EMEA	384	513	(25 %)	770	1,006	(23 %)
APJ	235	241	(2 %)	398	444	(10 %)
<b>Consolidated revenue</b>	<b>\$ 1,124</b>	<b>\$ 1,332</b>	<b>(16 %)</b>	<b>\$ 2,132</b>	<b>\$ 2,515</b>	<b>(15 %)</b>
<b>Gross margin by segment</b>						
Americas	\$ 100	\$ 108		\$ 180	\$ 201	
% of Revenue	19.8 %	18.7 %		18.7 %	18.9 %	
EMEA	97	146		189	268	
% of Revenue	25.3 %	28.5 %		24.5 %	26.6 %	
APJ	55	57		88	103	
% of Revenue	23.4 %	23.7 %		22.1 %	23.2 %	
<b>Total - segment gross margin</b>	<b>\$ 252</b>	<b>\$ 311</b>		<b>\$ 457</b>	<b>\$ 572</b>	
% of Revenue	22.4 %	23.3 %		21.4 %	22.7 %	
Selling, general and administrative expenses	144	175		290	349	
Research and development expenses	30	35		61	67	
<b>Non-GAAP income from operations</b>	<b>\$ 78</b>	<b>\$ 101</b>		<b>\$ 106</b>	<b>\$ 156</b>	
Pension expense	(39 )	(7 )		(77 )	(13 )	
Other adjustments <sup>(1)</sup>	-	(32 )		-	(16 )	
<b>Income from operations</b>	<b>\$ 39</b>	<b>\$ 62</b>		<b>\$ 29</b>	<b>\$ 127</b>	

(1) Other adjustments in 2008 includes \$32 million of organizational realignment costs in the second quarter of 2008 and a \$16 million gain from the sale of a manufacturing facility in Canada in the first quarter of 2008.

## Schedule C

### NCR CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (in millions, except per share amounts)

	June 30	March 31	December
	2009	2009	31 2008
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 407	\$ 717	\$ 711
Accounts receivable, net	856	855	913
Inventories, net	691	697	692
Other current assets	285	254	241
<b>Total current assets</b>	<b>2,239</b>	<b>2,523</b>	<b>2,557</b>
Property, plant and equipment, net	315	297	308
Goodwill	88	83	84
Prepaid pension cost	168	224	251
Deferred income taxes	628	627	645
Other assets	381	387	410
<b>Total assets</b>	<b>\$ 3,819</b>	<b>\$ 4,141</b>	<b>\$ 4,255</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities			
Short-term borrowings	\$ -	\$ 301	\$ 301
Accounts payable	487	463	492
Payroll and benefits liabilities	143	134	210
Deferred service revenue and customer deposits	381	385	317
Other current liabilities	301	355	373
<b>Total current liabilities</b>	<b>1,312</b>	<b>1,638</b>	<b>1,693</b>
Long-term debt	7	7	7
Pension and indemnity plan liabilities	1,376	1,386	1,424
Postretirement and postemployment benefits liabilities	356	365	359
Deferred income taxes	9	10	9
Income tax accruals	158	145	155

Other liabilities	125	141	143
<b>Total liabilities</b>	<b>3,343</b>	<b>3,692</b>	<b>3,790</b>
<b>Stockholders' equity</b>			
NCR stockholders' equity:			
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at June 30, 2009, March 31, 2009 and December 31, 2008, respectively	-	-	-
Common stock: par value \$0.01 per share, 500.0 shares authorized, 158.8, 158.6, and 158.1 shares issued and outstanding at June 30, 2009, March 31, 2009, and December 31, 2008, respectively	2	2	2
Paid-in capital	262	252	248
Retained earnings	1,842	1,819	1,834
Accumulated other comprehensive loss	(1,655 )	(1,649 )	(1,644 )
<b>Total NCR stockholders' equity</b>	<b>451</b>	<b>424</b>	<b>440</b>
Noncontrolling interests in subsidiaries	25	25	25
<b>Total stockholders' equity</b>	<b>476</b>	<b>449</b>	<b>465</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,819</b>	<b>\$ 4,141</b>	<b>\$ 4,255</b>

## Schedule D

### NCR CORPORATION

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in millions)

	For the Periods Ended June 30			
	Three Months		Six Months	
	2009	2008	2009	2008
<b>Operating activities</b>				
Net income	\$ 24	\$ 43	\$ 10	\$ 91
Adjustments to reconcile net income to net cash provided by operating activities:				
Loss from discontinued operations	-	1	-	2
Depreciation and amortization	30	26	58	55
Stock-based compensation expense	8	10	12	20
Excess tax benefit from stock-based compensation	-	(1 )	-	(1 )
Deferred income taxes	(7 )	14	(7 )	21

Gain on sale of property, plant, and equipment	(2 )	(10 )	(2 )	(27 )
Changes in assets and liabilities:				
Receivables	3	57	61	176
Inventories	9	17	4	(18 )
Current payables and accrued expenses	27	(9 )	(90 )	(103 )
Deferred service revenue and customer deposits	(4 )	(21 )	64	52
Employee severance and pension	7	17	25	(4 )
Other assets and liabilities	(68 )	(75 )	(70 )	(114 )
<b>Net cash provided by operating activities</b>	<b>27</b>	<b>69</b>	<b>65</b>	<b>150</b>
<b>Investing activities</b>				
Expenditures for property, plant and equipment	(19 )	(19 )	(29 )	(36 )
Proceeds from sales of property, plant and equipment	-	15	-	53
Additions to capitalized software	(17 )	(17 )	(32 )	(32 )
Other investing activities, business acquisitions and divestitures, net	(12 )	(23 )	(12 )	(23 )
<b>Net cash used in investing activities</b>	<b>(48 )</b>	<b>(44 )</b>	<b>(73 )</b>	<b>(38 )</b>
<b>Financing activities</b>				
Purchase of Company common stock	-	(127 )	(1 )	(320 )
Excess tax benefit from stock-based compensation	-	1	-	1
Short-term borrowings, net	-	1	-	1
Repayment of senior unsecured notes	(300 )	-	(300 )	-
Payments on revolving credit facility	(30 )	-	(30 )	-
Borrowings on revolving credit facility	30	-	30	-
Proceeds from employee stock plans	2	6	4	10
<b>Net cash used in financing activities</b>	<b>(298 )</b>	<b>(119 )</b>	<b>(297 )</b>	<b>(308 )</b>
<b>Cash Flows from discontinued operations</b>				
Net cash used in operating activities	-	(3 )	-	(16 )
Effect of exchange rate changes on cash and cash equivalents	9	-	1	14
<b>Decrease in cash and cash equivalents</b>	<b>(310 )</b>	<b>(97 )</b>	<b>(304 )</b>	<b>(198 )</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>717</b>	<b>851</b>	<b>711</b>	<b>952</b>

<b>Cash and cash equivalents at end of period</b>	\$ 407	\$ 754	\$ 407	\$ 754
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