

# Q3 2017 EARNINGS CONFERENCE CALL

**BILL NUTI, CHAIRMAN & CEO**  
**MARK BENJAMIN, PRESIDENT & COO**  
**BOB FISHMAN, CFO**

October 19, 2017



# NOTES TO INVESTORS

**FORWARD-LOOKING STATEMENTS.** Comments made during this conference call and in these materials contain forward-looking statements. Statements that describe or relate to NCR's plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. The forward-looking statements in these materials include statements about expected improvements in working capital in the fourth quarter; trends in backlog and file value in NCR's Services business; the ATM market and expected softness in demand for ATMs and the reasons therefor; the expected areas of focus for NCR's Services segment in 2017; momentum and fourth quarter growth in self-checkout revenue; expected capital expenditures for 2017, including with respect to NCR's new world headquarters; NCR's full year 2017 financial guidance, 2017 and fourth quarter segment financial guidance, and fourth quarter 2017 financial guidance, and the expected type and magnitude of the non-operational adjustments included in any forward-looking non-GAAP measures; NCR's solution offerings and their alignment with major market trends and customer demands; NCR's areas of focus to drive momentum going into 2018; expectations for margin expansion and the drivers of margin expansion; the expected drivers of NCR's growth; and the prioritization of free cash flow generation and a balanced capital allocation strategy. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1a "Risk Factors" of NCR's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 24, 2017, and those factors detailed from time to time in NCR's other SEC reports. These materials are dated October 19, 2017, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

**USE OF CERTAIN TERMS.** As used in these materials, (i) the term "recurring revenue" means the sum of cloud, hardware maintenance and software maintenance revenue, (ii) the term "net annual contract value" or "net ACV" for any particular period means NCR's net bookings for cloud revenue during the period, and is calculated as twelve months of expected subscription revenues under new cloud contracts during such period less twelve months of subscription revenues under cloud contracts that expired or were terminated during such period, and (iii) the term "CC" means constant currency.

These presentation materials and the associated remarks made during this conference call are integrally related and are intended to be presented and understood together.

# OVERVIEW

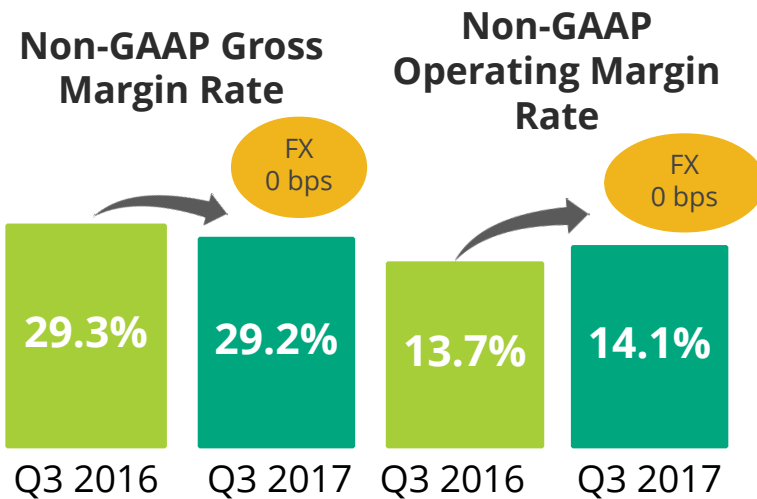
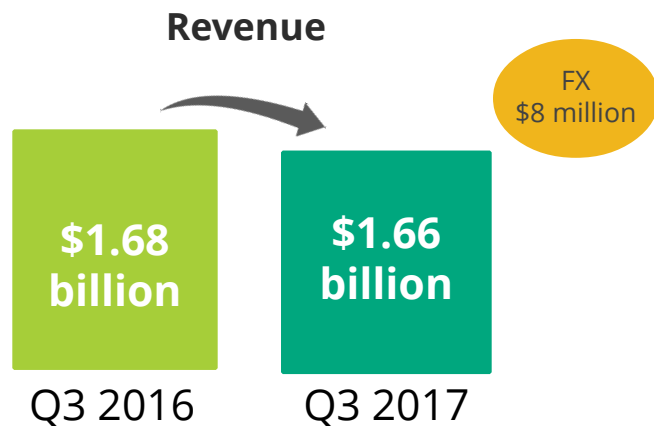
Q3 earnings at **HIGHER END** and revenue at **LOWER END** of guidance range

Continued **CLOUD** growth of 5% with Net ACV up 37%

Operating Margin **RATE EXPANSION** driven by strength in Services

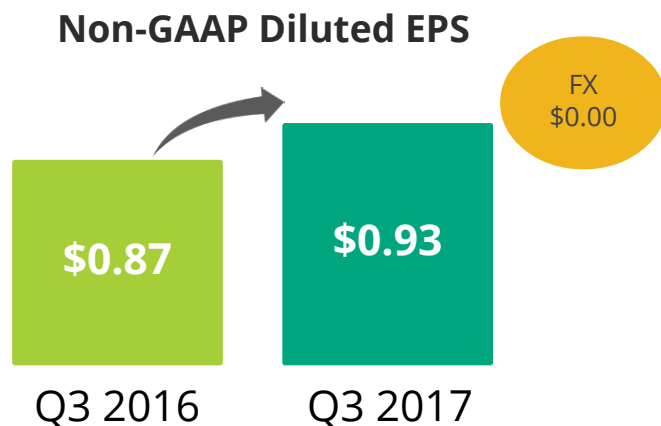
Guidance **LOWERED** for full year due to softness in ATM market

# Q3 2017 FINANCIAL RESULTS

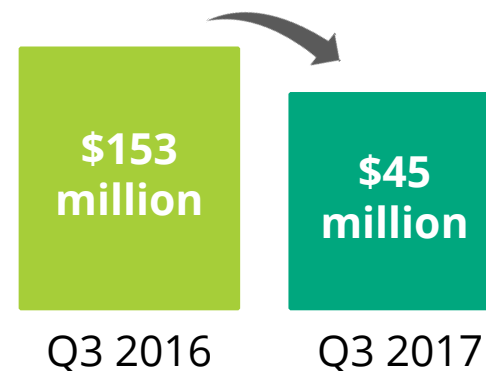


Revenue down 1%  
Recurring revenue up 4% CC, 44% of total revenue

Non-GAAP gross margin rate down 10 bps; Non-GAAP operating margin rate expanded 40 bps



**Free Cash Flow**



Non-GAAP Diluted EPS up 7%

Decrease in FCF due to higher working capital; Improvements expected in Q4 2017

# OMNI-CHANNEL MARKET

## Omni Channel Software

- NCR's Omni-Channel Platform Hub and Applications
- Enables seamless consumer experiences across physical and digital channels
- Solutions Include: Retail One, Customer Experience Platform (CxP), Aloha Enterprise, NCR Silver

## Channel Transformation

- Enables revenue growth, productivity gains, and modernized consumer experiences from the transformation of physical and digital channels
- Solutions include: Branch, Store, Restaurant, and Venue Transformation
- Drives smart-edge offerings: ATMs, SCO, mPOS, ePOS, Peripherals
- Drives service offerings: Consulting Services, Implementation Services, Hardware Maintenance, Managed Services, High Availability

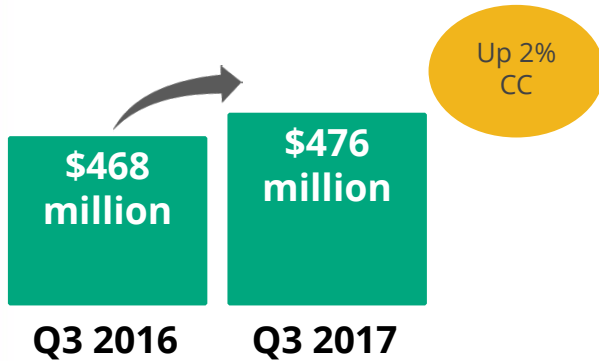
## Digital Enablement

- Enables new business models driven by the growing digitalization movement
- Solutions include: Real-Time Actionable Insights, Loyalty, Cloud/ATM Security, Loss & Fraud Prevention, Inventory and Labor Management, Cash Management, Secure Payments, Transaction Processing, Remote Deposit, Digital Check Processing

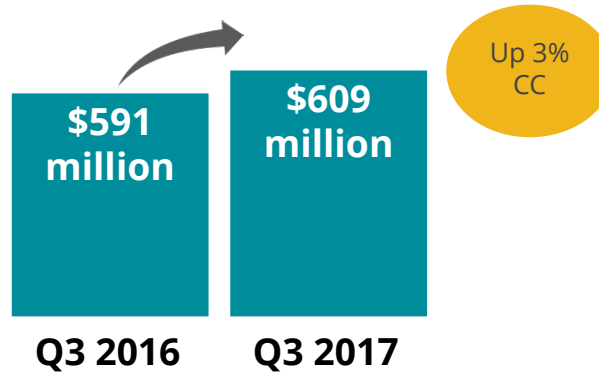


# Q3 2017 SEGMENT RESULTS

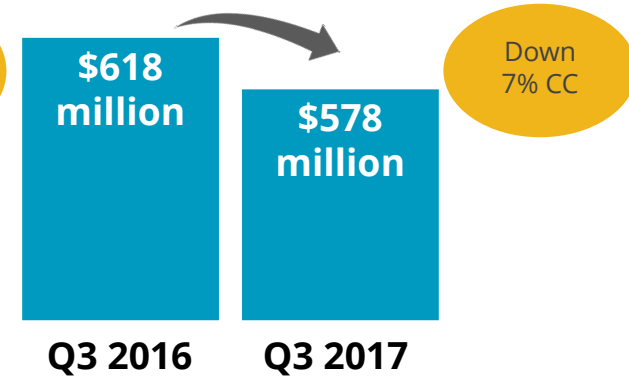
## Software Revenue



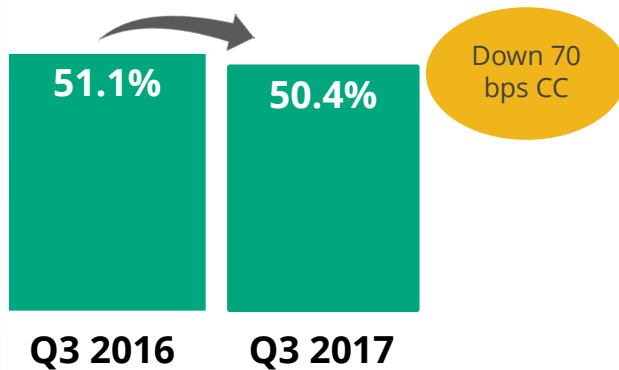
## Services Revenue



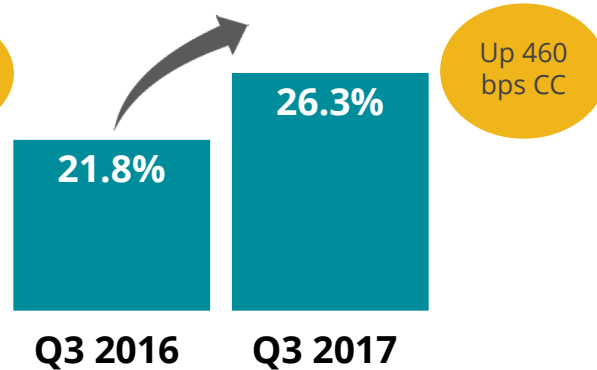
## Hardware Revenue



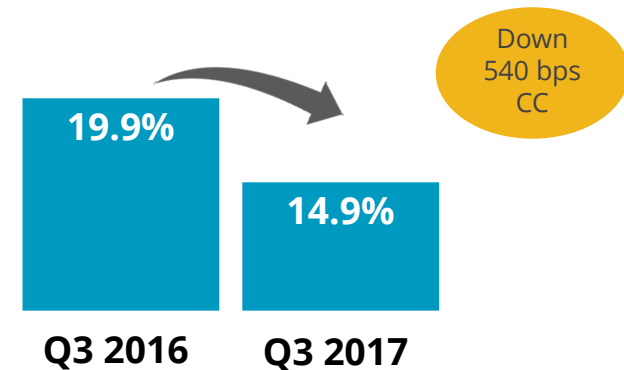
## Software Gross Margin



## Services Gross Margin



## Hardware Gross Margin



# SOFTWARE

Q3 2017 Update

	Q3 2017	Q3 2016	% Change	% Change Constant Currency
Software License	\$79	\$90	(12)%	(11)%
<i>Attached License</i>	32	41	(22)%	(23)%
<i>Unattached License</i>	47	49	(4)%	(4)%
Software Maintenance	95	92	3%	3%
Cloud	149	142	5%	5%
Professional Services	153	144	6%	6%
<b>Software Revenue</b>	<b>\$476</b>	<b>\$468</b>	<b>2%</b>	<b>2%</b>
<b>Software Gross Margin</b>	<b>\$240</b>	<b>\$239</b>	<b>—%</b>	<b>—%</b>
Software Gross Margin Rate	50.4%	51.1%	(70) bps	(70) bps
<b>Operating Income</b>	<b>\$148</b>	<b>\$146</b>	<b>1%</b>	<b>1%</b>
Operating Income as a % of Revenue	31.1%	31.2%	(10) bps	(10) bps

## KEY HIGHLIGHTS

\$ in millions

- Cloud revenue up 5% with accelerated sequential growth of \$4 million; Net ACV of \$16 million, up 37%
- Software License down 11% due to a large unattached license in the prior year period and lower software license revenue attached to hardware; Unattached Software License up 17% year-to-date
- Professional Services up 6% due to strength in channel transformation and digital enablement
- Software Maintenance up 3%, with accelerated sequential growth of \$4 million
- Gross Margin rate down driven by lower Software License revenue partially offset by improved efficiency and scale in Software Maintenance and Cloud

# SERVICES

Q3 2017 Update

	Q3 2017	Q3 2016	% Change	% Change Constant Currency
Services Revenue	\$609	\$591	3%	3%
Services Gross Margin	\$160	\$129	24%	25%
Services Gross Margin Rate	26.3%	21.8%	+450 bps	+460 bps
Operating Income	\$89	\$56	59%	64%
Operating Income as a % of Revenue	14.6%	9.5%	+510 bps	+530 bps

\$ in millions

## KEY HIGHLIGHTS

- Hardware maintenance growth as a result of improving channel transformation trends, combined with increased managed and implementation services, drove higher revenue in the quarter; Backlog improving in form of higher file value
- Gross margin rate increased due to on-going business process improvement initiatives and mix of higher value services
- Key areas of focus to drive future margin rate improvements: 1) Drive a higher mix of managed services; 2) Productivity and efficiency improvements; 3) Remote diagnostics and repair; and 4) Product life-cycle management



# HARDWARE

## Q3 2017 Update

	Q3 2017	Q3 2016	% Change	% Change Constant Currency
ATMs	\$273	\$324	(16)%	(17)%
Self-Checkout (SCO)	79	104	(24)%	(24)%
Point-of-Sale (POS)	221	185	19%	18%
Interactive Printer Solutions (IPS)	5	5	—%	—%
<b>Hardware Revenue</b>	<b>\$578</b>	<b>\$618</b>	<b>(6)%</b>	<b>(7)%</b>
<b>Hardware Gross Margin</b>	<b>\$86</b>	<b>\$123</b>	<b>(30)%</b>	<b>(32)%</b>
Hardware Gross Margin Rate	14.9%	19.9%	(500) bps	(540) bps
<b>Operating Income</b>	<b>(\$2)</b>	<b>\$28</b>	<b>(107)%</b>	<b>(106)%</b>
Operating Income as a % of Revenue	(0.3%)	4.5%	(480) bps	(520) bps

\$ in millions

## KEY HIGHLIGHTS

- Strong growth in POS revenues, primarily due to market gains and the introduction of a forecourt Omni-Channel solution in the Petroleum & Convenience market
- ATM market continues to be impacted by large customer delays in spending in North America, weakness in Middle East and Africa, and the upcoming Windows 10 conversion
- SCO revenue was down due to a strong Q3 in the prior year but is expected to continue its full year momentum and grow sequentially in the fourth quarter
- Gross margin rate decrease due to lower ATM and SCO volumes and new product introductions

# FREE CASH FLOW

	QTD		YTD		FY 2017E	FY 2016
	Q3 2017	Q3 2016	Q3 2017	Q3 2016		
Cash Provided by Operating Activities	\$133	\$225	\$271	\$369	\$745 - \$775	\$894
Total capital expenditures <sup>(1)</sup>	(79)	(62)	(206)	(160)	(285)	(227)
Cash used in Discontinued Operations	(9)	(10)	(14)	(30)	(20)	(39)
<b>Free Cash Flow</b>	<b>\$45</b>	<b>\$153</b>	<b>\$51</b>	<b>\$179</b>	<b>\$440 - \$470</b>	<b>\$628</b>
<b>Free Cash Flow as a % of non-GAAP net income <sup>(2)</sup></b>					<b>90% - 95%</b>	<b>132%</b>

\$ in millions

<sup>(1)</sup> The total capital expenditures of \$285 million in 2017 includes \$70 million related to the new world headquarters in Atlanta, Georgia. This \$70 million is offset by \$45 million of expected reimbursements by the lessor included in net cash provided by operating activities.

<sup>(2)</sup> Also referred to as Free Cash Flow Conversion Rate.

# NET DEBT AND EBITDA METRICS

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Debt	\$3,253	\$3,282	\$3,328	\$3,051	\$3,289
Cash	(405)	(377)	(401)	(498)	(318)
<b>Net Debt</b>	<b>\$2,848</b>	<b>\$2,905</b>	<b>\$2,927</b>	<b>\$2,553</b>	<b>\$2,971</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$1,129</b>	<b>\$1,111</b>	<b>\$1,091</b>	<b>\$1,057</b>	<b>\$1,047</b>
<b>Net Debt / Adjusted EBITDA</b>	<b>2.5x</b>	<b>2.6x</b>	<b>2.7x</b>	<b>2.4x</b>	<b>2.8x</b>

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

\$ in millions, except metrics

# FY 2017 GUIDANCE

	2017 Guidance	2017 CC Growth Rates	2017 Prior Guidance	2017 Prior CC Growth Rates	2016
Revenue <sup>(1)</sup>	\$6,475 - \$6,525	1%	\$6,630 - \$6,750	4% - 6%	\$6,543
GAAP Diluted EPS <sup>(2)</sup>	\$1.97 - \$2.09	9% - 16%	\$2.20 - \$2.32	22% - 29%	\$1.80
Non-GAAP Diluted EPS <sup>(1)(3)</sup>	\$3.10 - \$3.20	1% - 4%	\$3.32 - \$3.42	10% - 13%	\$3.02

	2017 Guidance	2017 Conversion Rate	2017 Prior Guidance	2017 Prior CC Growth Rates	2016
Free Cash Flow	\$440 - \$470	90% - 95%	\$500 - \$525	95% - 100%	\$628

\$ millions, except per share amounts

(1) The 2017 revenue guidance and growth rates include an expected favorable foreign currency impact of \$20 million, or ~0%, compared to our previous expectation of negative \$25 million, or ~1%. Revenue growth rates also exclude ~\$124 million million of IPS revenue, or ~2%, from 2016. The 2017 current non-GAAP diluted EPS guidance includes \$0.06 favorable impact from expected foreign currency compared to our previous expectation of favorable \$0.01.

(2) FY 2017 Guidance does not include an estimate of the pension mark-to-market adjustments.

(3) For the 2017 guidance, we have assumed OIE of approximately \$201 million (previous guidance of \$205 million), an effective tax rate of 25% and a share count of 155 million (previous guidance of 157 million) compared to OIE of \$214 million, an effective tax rate of 23% and a share count of 157 million in 2016.

# FY 2017 SEGMENT REVENUE GUIDANCE

Segment	2017E CC Growth Rates <sup>(1)</sup>	FY 2017 Current Guidance	FY 2017 Prior Guidance	FY 2016
<b>Software</b>	<b>2% - 3%</b>	<b>\$1,885 - \$1,905</b>	<b>\$1,945 - \$1,965</b>	<b>\$1,841</b>
<i>Cloud Revenue</i>	<i>~ 6%</i>	<i>~ \$590</i>	<i>\$590 - \$600</i>	<i>\$556</i>
<b>Services</b>	<b>3%</b>	<b>\$2,360 - \$2,370</b>	<b>\$2,335 - \$2,375</b>	<b>2,306</b>
<b>Hardware</b> <sup>(2)</sup>	<b>(2%) - (3%)</b>	<b>\$2,220 - \$2,250</b>	<b>\$2,350 - \$2,410</b>	<b>2,396</b>
<b>Total</b> <sup>(1) (2)</sup>	<b>1%</b>	<b>\$6,475 - \$6,525</b>	<b>\$6,630 - \$6,750</b>	<b>\$6,543</b>

\$ in millions

(1) The 2017 revenue guidance and growth rates include an expected foreign currency positive impact of \$20 million for revenue, or ~0%, compared to prior guidance of negative \$25 million, or 1%.

(2) The growth rates for Hardware revenue and total revenue are normalized for the sale of the IPS business, which was \$124 million of Hardware revenue in 2016.

# Q4 2017 GUIDANCE

	Q4 2017E	Q4 2016	CC Growth Rates
Revenue <sup>(1)</sup>	\$1,740 - \$1,790	\$1,802	(6%) - (3%)
GAAP Diluted EPS <sup>(2)</sup>	\$0.64 - \$0.76	\$0.43	49% - 77%
Non-GAAP Diluted EPS <sup>(1) (3)</sup>	\$0.83 - \$0.93	\$1.07	(28%) - (19%)

\$ in millions, except per share amounts

(1) The Q4 2017 revenue guidance and growth rates are expected to include a favorable foreign currency impact of \$40 million, or ~2%. The Q4 2017 non-GAAP diluted EPS guidance and growth rates are expected to include a favorable foreign currency impact of \$0.08.

(2) Q4 2017 guidance does not include an estimate of the pension mark-to-market adjustments. Q4 2016 included pension mark to market expense of \$78 million after tax, or \$0.50 per share.

(3) For Q4 2017, we have assumed OIE of approximately \$56 million, an effective tax rate of 27% and a share count of 155 million compared to OIE of \$56 million, an effective tax rate of 17% and a share count of 157 million in Q4 2016.

# Q4 2017 SEGMENT REVENUE GUIDANCE

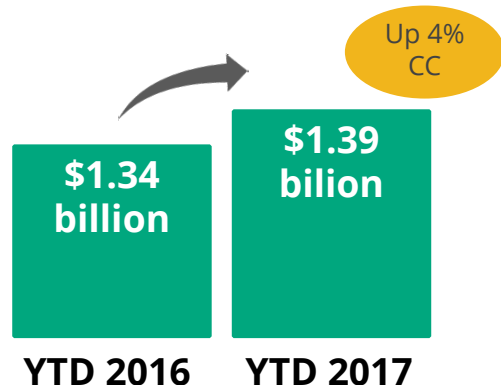
Segment	Q4 2017 Guidance	Q4 2017 CC Growth Rates	Q4 2016	Q4 2016 CC Growth Rates
Software	\$493 - \$513	(4%) - 0%	\$502	10%
Services	\$606 - \$616	(1%) - 1%	\$598	3%
Hardware	\$631 - \$661	(13%) - (8%)	\$702	30%
Total	\$1,740 - \$1,790	(6%) - (3%)	\$1,802	14%

\$ in millions

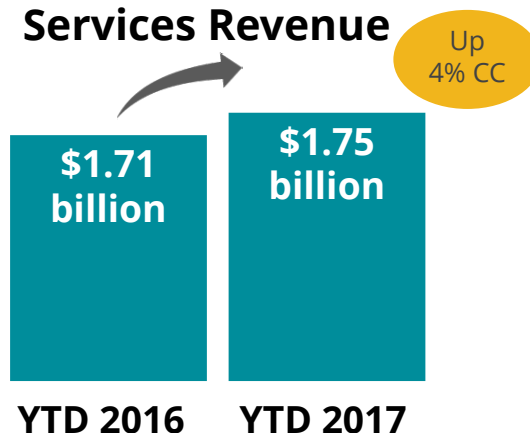
- Hardware decrease in Q4 2017 includes approximately 30% drop in ATM hardware. Prior year ATM hardware grew 29% constant currency.
- As a result, software license revenue attached to hardware is expected to be down approximately 35% in Q4 2017. Prior year attached software license revenue grew 50%.

# YTD 2017 SEGMENT RESULTS

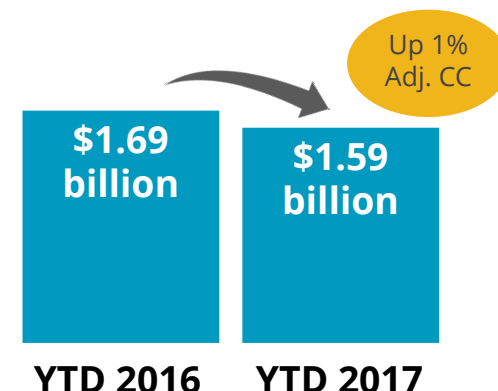
## Software Revenue



## Services Revenue

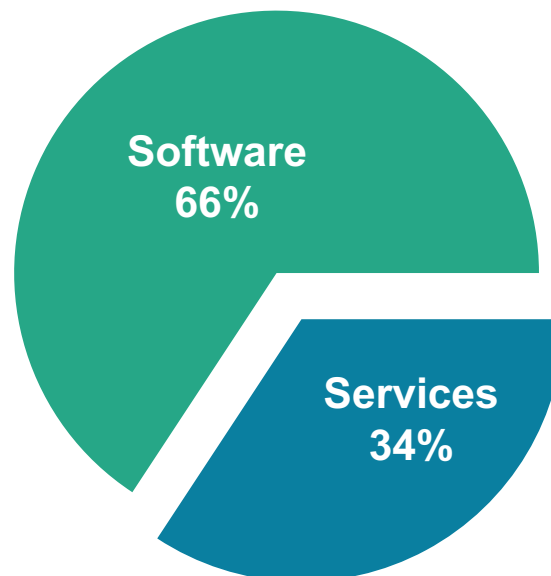


## Hardware Revenue



## YTD 2017 Operating Income Mix

Software	50.3% GM rate
Services	24.6% GM rate
Hardware	16.8% GM rate



- Cloud revenue growth of 7%; Net ACV growth of 26%
- Unattached SW license revenue growth of 17%
- Services margin expansion of 330 bps
- Recurring revenue at 45% of total revenue, up 100 bps



# LOOKING FORWARD

Improving execution and operational efficiencies

NCR's solution offerings aligned with major market trends and customer demands

Focused on sales funnel, orders and revenue growth to drive momentum going into 2018

Software growth combined with our business transformation program is the key to margin expansion

Omni-Channel, Channel Transformation, and Digital Enablement expected to be growth drivers

Free cash flow generation and balanced capital allocation strategy remains a top priority

# SUPPLEMENTARY MATERIALS

# Q3 2017 GAAP RESULTS

	Q3 2017	Q3 2016	As Reported
<b>Revenue</b>	<b>\$1,663</b>	\$1,677	(1)%
<b>Gross Margin</b>	<b>473</b>	477	(1)%
Gross Margin Rate	<b>28.4%</b>	28.4%	
<b>Operating Expenses</b>	<b>273</b>	288	(5)%
% of Revenue	<b>16.4%</b>	17.2%	
<b>Operating Income</b>	<b>200</b>	189	6%
% of Revenue	<b>12.0%</b>	11.3%	
<b>Interest and other expense</b>	<b>(50)</b>	(49)	2%
<b>Income Tax Expense</b>	<b>31</b>	31	—%
Income Tax Rate	<b>21%</b>	22%	
<b>Net Income</b>	<b>\$118</b>	\$107	10%
<b>Diluted EPS</b>	<b>\$0.77</b>	\$0.69	12%

in millions, except per share amounts

# Q3 2017 OPERATIONAL RESULTS

	Q3 2017	Q3 2016	As Reported	Constant Currency
Revenue	\$1,663	\$1,677	(1)%	(1)% <sup>(1)</sup>
Gross Margin (non-GAAP)	486	491	(1)%	(2)%
Gross Margin Rate (non-GAAP)	29.2%	29.3%	(10) bps	(10) bps
Operating Expenses (non-GAAP)	251	261	(4)%	(4)%
% of Revenue	15.1%	15.6%		
Operating Income (non-GAAP)	235	230	2%	1%
% of Revenue	14.1%	13.7%	+40 bps	+40 bps
Interest and other expense	(50)	(49)	2%	(3)%
Income Tax Expense (non-GAAP)	41	44	(7)%	
Income Tax Rate (non-GAAP)	22%	24%		
Net Income (non-GAAP)	\$143	\$135	6%	6%
Diluted EPS (non-GAAP) <sup>(2)</sup>	\$0.93	\$0.87	7%	7%

in millions, except per share amounts

<sup>(1)</sup> The impact of FX was \$8 million favorable.

<sup>(2)</sup> Q3 2017 includes zero impact of foreign currency on EPS. Diluted share count of 153 million in Q3 2017 and 155 million in Q3 2016.

# NON-GAAP MEASURES

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

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

***Free Cash Flow and Free Cash Flow as a Percentage of Non-GAAP Net Income (or Free Cash Flow Conversion Rate).*** NCR defines free cash flow as net cash provided by/used in operating activities and cash flow provided by/used in discontinued operations less capital expenditures for property, plant and equipment, additions to capitalized software, discretionary pension contributions and pension settlements. NCR's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for, among other things, investment in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repayment of the Company's debt obligations. NCR also describes free cash flow as a percentage of non-GAAP net income (or free cash flow conversion rate), which is calculated as free cash flow divided by non-GAAP net income. NCR's management targets an annual free cash flow conversion rate at or above the range described in these materials because management believes that a conversion rate at or above that range represents the efficient conversion of non-GAAP net income to free cash flow for its business. Free cash flow and free cash flow conversion rate do not have uniform definitions under GAAP and, therefore, NCR's definitions may differ from other companies' definition of these measures.

# NON-GAAP MEASURES

**Constant Currency, IPS Divestiture and Adjusted Constant Currency.** NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR's management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR also presents certain financial measures on an adjusted constant currency basis, which excludes both the effects of foreign currency translation, as described above, and the results of NCR's Interactive Printer Solutions (IPS) business for the comparable prior period after completion of the sale of the business (which results were previously included in NCR's Hardware segment). NCR completed the sale of all but the Middle East and Africa assets of its Interactive Printer Solutions (IPS) division to Atlas Holdings LLC on May 27, 2016. NCR's management believes that presentation of financial measures without these results is more representative of the company's period-over-period operating performance, and provides additional insight into historical and/or future performance, which may be helpful for investors. which the company is able to convert its non-GAAP net income to cash.

**Net Debt and Adjusted EBITDA.** NCR believes that Net Debt provides useful information to investors because NCR's management reviews Net Debt as part of its management of overall liquidity, financial flexibility, capital structure and leverage. In addition, certain debt rating agencies, creditors and credit analysts monitor NCR's Net Debt as part of their assessments of NCR's business. NCR determines Net Debt based on its total debt less cash and cash equivalents, with total debt being defined as total short-term borrowings plus total long-term debt.

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

NCR believes that its ratio of Net Debt to Adjusted EBITDA provides useful information to investors because it is an indicator of the company's ability to meet its future financial obligations. In addition, the Net Debt to Adjusted EBITDA ratio is measures frequently used by investors and credit rating agencies. The Net Debt to Adjusted EBITDA ratio is calculated by dividing Net Debt by trailing twelve-month Adjusted EBITDA.

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

# GAAP TO NON-GAAP RECONCILIATION

## Net Income from Continuing Operations (GAAP) to Adjusted EBITDA (non-GAAP)

in millions	Q3 2017 LTM	Q2 2017 LTM	Q1 2017 LTM	Q4 2016 LTM	Q3 2016 LTM
Net Income from Continuing Operations (GAAP)	\$345	\$335	\$312	\$287	\$263
Pension Mark-to-Market Adjustments	85	85	85	85	29
Transformation/Restructuring Costs	29	32	35	26	61
Acquisition-Related Amortization of Intangibles	114	116	120	123	126
Acquisition-Related Costs	5	6	6	7	9
Reserve related to a subcontract in MEA	—	—	—	—	20
Divestiture and Liquidation Losses	1	1	6	6	39
Net Income (Loss) from Continuing Operations Attributable to Noncontrolling Interests	(5)	(6)	(4)	(4)	—
Interest Expense	162	161	163	170	172
Interest Income	(4)	(4)	(4)	(4)	(5)
Depreciation and Amortization	226	217	212	208	198
Income Taxes	95	95	93	92	80
Stock Compensation Expense	76	73	67	61	55
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$1,129</b>	<b>\$1,111</b>	<b>\$1,091</b>	<b>\$1,057</b>	<b>\$1,047</b>

in millions

# GAAP TO NON-GAAP RECONCILIATION

Q3 2017 QTD

in millions (except per share amounts)	Q3 QTD 2017 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q3 QTD 2017 non-GAAP
Product revenue	\$657	\$—	\$—	\$—	\$657
Service revenue	1,006	—	—	—	1,006
<b>Total revenue</b>	<b>1,663</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,663</b>
Cost of products	528	—	(6)	—	522
Cost of services	662	(1)	(6)	—	655
Gross margin	473	1	12	—	486
<b>Gross margin rate</b>	<b>28.4%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>—%</b>	<b>29.2%</b>
Selling, general and administrative expenses	220	(3)	(17)	(1)	199
Research and development expenses	53	(1)	—	—	52
Total operating expenses	273	(4)	(17)	(1)	251
<i>Total operating expense as a % of revenue</i>	<b>16.4%</b>	<b>(0.2)%</b>	<b>(1.0)%</b>	<b>(0.1)%</b>	<b>15.1%</b>
<b>Income (loss) from operations</b>	<b>200</b>	<b>5</b>	<b>29</b>	<b>1</b>	<b>235</b>
<i>Income (loss) from operations as a % of revenue</i>	<b>12.0%</b>	<b>0.3%</b>	<b>1.7%</b>	<b>0.1%</b>	<b>14.1%</b>
Interest and Other (expense) income, net	(50)	—	—	—	(50)
Income (loss) from continuing operations before income taxes	150	5	29	1	185
Income tax expense (benefit)	31	1	9	—	41
<i>Effective tax rate</i>	<b>21%</b>				<b>22%</b>
Income (loss) from continuing operations	119	4	20	1	144
Net income (loss) attributable to noncontrolling interests	1	—	—	—	1
<b>Income (loss) from continuing operations (attributable to NCR)</b>	<b>\$118</b>	<b>\$4</b>	<b>\$20</b>	<b>\$1</b>	<b>\$143</b>
<b>Diluted earnings per share</b>	<b>\$0.77</b>	<b>\$0.02</b>	<b>\$0.13</b>	<b>\$0.01</b>	<b>\$0.93</b>
Diluted shares outstanding	153.1				153.1

in millions, except per share amounts



# GAAP TO NON-GAAP RECONCILIATION

Q3 2017 QTD

	Q3 QTD 2017 GAAP	Q3 QTD 2017 non-GAAP
in millions (except per share amounts)		
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$118</b>	<b>\$143</b>
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	126.2	126.2
Weighted as-if converted preferred shares	26.9	26.9
<b>Total shares used in diluted earnings per share</b>	<b>153.1</b>	<b>153.1</b>
<b>Diluted (loss) earnings per share <sup>(1)</sup></b>	<b>\$0.77</b>	<b>\$0.93</b>

in millions, except per share amounts

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

Q3 2016 QTD

in millions, except per share amounts

in millions (except per share amounts)	Q3 QTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q3 QTD 2016 non-GAAP
Product revenue	\$708	\$—	\$—	\$—	\$708
Service revenue	969	—	—	—	969
<b>Total revenue</b>	<b>1,677</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,677</b>
Cost of products	528	—	(8)	—	520
Cost of services	672	—	(6)	—	666
Gross margin	477	—	14	—	491
<b>Gross margin rate</b>	<b>28.4%</b>	<b>—%</b>	<b>0.9%</b>	<b>—%</b>	<b>29.3%</b>
Selling, general and administrative expenses	225	(1)	(17)	(2)	205
Research and development expenses	56	—	—	—	56
Restructuring-related charges	7	(7)	—	—	—
Total operating expenses	288	(8)	(17)	(2)	261
<i>Total operating expense as a % of revenue</i>	<i>17.2%</i>	<i>(0.5)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>15.6%</i>
<b>Income (loss) from operations</b>	<b>189</b>	<b>8</b>	<b>31</b>	<b>2</b>	<b>230</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>11.3%</i>	<i>0.5%</i>	<i>1.8%</i>	<i>0.1%</i>	<i>13.7%</i>
Interest and Other (expense) income, net	(49)	—	—	—	(49)
Income (loss) from continuing operations before income taxes	140	8	31	2	181
Income tax expense (benefit)	31	1	11	1	44
<i>Effective tax rate</i>	<i>22%</i>				<i>24%</i>
Income (loss) from continuing operations	109	7	20	1	137
Net income (loss) attributable to noncontrolling interests	2	—	—	—	2
<b>Income (loss) from continuing operations (attributable to NCR)</b>	<b>\$107</b>	<b>\$7</b>	<b>\$20</b>	<b>\$1</b>	<b>\$135</b>
<b>Diluted earnings per share</b>	<b>\$0.69</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.01</b>	<b>\$0.87</b>
Diluted shares outstanding	155.4				155.4

# GAAP TO NON-GAAP RECONCILIATION

Q3 2016 QTD

	Q3 QTD 2016 GAAP	Q3 QTD 2016 non-GAAP
in millions (except per share amounts)		
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$107</b>	<b>\$135</b>
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	127.0	127.0
Weighted as-if converted preferred shares	28.4	28.4
<b>Total shares used in diluted earnings per share</b>	<b>155.4</b>	<b>155.4</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$0.69</b>	<b>\$0.87</b>

in millions, except per share amounts

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

Q3 2017 YTD

in millions (except per share amounts)	Q3 YTD 2017 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q3 YTD 2017 non-GAAP
Product revenue	\$1,829	\$—	\$—	\$—	\$1,829
Service revenue	2,905	—	—	—	2,905
<b>Total revenue</b>	<b>4,734</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,734</b>
Cost of products	1,430	(2)	(19)	—	1,409
Cost of services	1,955	(9)	(18)	—	1,928
Gross margin	1,349	11	37	—	1,397
<b>Gross margin rate</b>	<b>28.5%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>—%</b>	<b>29.5%</b>
Selling, general and administrative expenses	676	(10)	(49)	(3)	614
Research and development expenses	178	(5)	—	—	173
Total operating expenses	854	(15)	(49)	(3)	787
<i>Total operating expense as a % of revenue</i>	<i>18.0%</i>	<i>(0.3)%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>	<i>16.6%</i>
<b>Income (loss) from operations</b>	<b>495</b>	<b>26</b>	<b>86</b>	<b>3</b>	<b>610</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>10.5%</i>	<i>0.4%</i>	<i>1.8%</i>	<i>0.1%</i>	<i>12.9%</i>
Interest and Other (expense) income, net	(144)	—	—	—	(144)
Income (loss) from continuing operations before income taxes	351	26	86	3	466
Income tax expense (benefit)	78	7	27	1	113
<i>Effective tax rate</i>	<i>22%</i>				<i>24%</i>
Income (loss) from continuing operations	273	19	59	2	353
Net income (loss) attributable to noncontrolling interests	1	—	—	—	1
<b>Income (loss) from continuing operations (attributable to NCR)</b>	<b>\$272</b>	<b>\$19</b>	<b>\$59</b>	<b>\$2</b>	<b>\$352</b>
<b>Diluted earnings per share</b>	<b>\$1.37</b>	<b>\$0.12</b>	<b>\$0.38</b>	<b>\$0.01</b>	<b>\$2.28</b>
Diluted shares outstanding	126.9				154.2

# GAAP TO NON-GAAP RECONCILIATION

Q3 2017 YTD

	Q3 YTD 2017 GAAP	Q3 YTD 2017 non-GAAP
in millions (except per share amounts)		
<b><i>Income (loss) from continuing operations attributable to NCR common stockholders:</i></b>		
Income from continuing operations (attributable to NCR)	\$272	\$352
Dividends on convertible preferred shares	(36)	—
Deemed dividend on modification of convertible preferred shares	(4)	—
Deemed dividend on convertible preferred shares related to redemption value accretion	(58)	—
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$174</b>	<b>\$352</b>
<b><i>Weighted average outstanding shares:</i></b>		
Weighted average diluted shares outstanding	126.9	126.9
Weighted as-if converted preferred shares	—	27.3
<b>Total shares used in diluted earnings per share</b>	<b>126.9</b>	<b>154.2</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$1.37</b>	<b>\$2.28</b>

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

Q3 2016 YTD

in millions (except per share amounts)	Q3 YTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Divestiture and Liquidation Losses	Q3 YTD 2016 non-GAAP
Product revenue	\$1,932	\$—	\$—	\$—	\$—	\$1,932
Service revenue	2,809	—	—	—	—	2,809
<b>Total revenue</b>	<b>4,741</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,741</b>
Cost of products	1,487	—	(27)	—	—	1,460
Cost of services	1,951	(4)	(18)	—	—	1,929
Gross margin	1,303	4	45	—	—	1,352
<b>Gross margin rate</b>	<b>27.5%</b>	<b>0.1%</b>	<b>0.9%</b>	<b>—%</b>	<b>—%</b>	<b>28.5%</b>
Selling, general and administrative expenses	678	(6)	(50)	(5)	—	617
Research and development expenses	159	—	—	—	—	159
Restructuring-related charges	13	(13)	—	—	—	—
Total expenses	850	(19)	(50)	(5)	—	776
<i>Total expense as a % of revenue</i>	<b>17.9%</b>	<b>(0.4)%</b>	<b>(1.0)%</b>	<b>(0.1)%</b>	<b>—%</b>	<b>16.4%</b>
<b>Income (loss) from operations</b>	<b>453</b>	<b>23</b>	<b>95</b>	<b>5</b>	<b>—</b>	<b>576</b>
<i>Income (loss) from operations as a % of revenue</i>	<b>9.6%</b>	<b>0.5%</b>	<b>1.9%</b>	<b>0.1%</b>	<b>—%</b>	<b>12.1%</b>
Interest and Other (expense) income, net	(163)	—	—	—	5	(158)
Income (loss) from continuing operations before income taxes	290	23	95	5	5	418
Income tax expense (benefit)	75	3	31	2	—	111
<i>Effective tax rate</i>	<b>26%</b>					<b>27%</b>
Income (loss) from continuing operations	215	20	64	3	5	307
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—
<b>Income (loss) from continuing operations (attributable to NCR)</b>	<b>\$215</b>	<b>\$20</b>	<b>\$64</b>	<b>\$3</b>	<b>\$5</b>	<b>\$307</b>
<b>Diluted earnings per share</b>	<b>\$1.37</b>	<b>\$0.13</b>	<b>\$0.41</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$1.96</b>
Diluted shares outstanding	156.8					156.8

# GAAP TO NON-GAAP RECONCILIATION

Q3 2016 YTD

	Q3 YTD 2016 GAAP	Q3 YTD 2016 non-GAAP
in millions (except per share amounts)		
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$215</b>	<b>\$307</b>
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	128.8	128.8
Weighted as-if converted preferred shares	28.0	28.0
<b>Total shares used in diluted earnings per share</b>	<b>156.8</b>	<b>156.8</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$1.37</b>	<b>\$1.96</b>

in millions, except per share amounts

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

Q4 2016 QTD

in millions (except per share amounts)	Q4 YTD 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition - related costs	Pension mark-to- market adjustments	Divestiture and Liquidation Losses	Q4 YTD 2016 non-GAAP
Product revenue	\$805	\$—	\$—	\$—	\$—	\$—	\$805
Service revenue	997	—	—	—	—	—	997
<b>Total revenue</b>	<b>1,802</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,802</b>
Cost of products	615	—	(7)	—	(34)	—	574
Cost of services	708	—	(6)	—	(4)	—	698
Gross margin	479	—	13	—	38	—	530
<b>Gross margin rate</b>	<b>26.6%</b>	<b>—%</b>	<b>0.7%</b>	<b>—%</b>	<b>2.1%</b>	<b>—%</b>	<b>29.4%</b>
Selling, general and administrative expenses	248	(1)	(15)	(2)	(24)	—	206
Research and development expenses	83	—	—	—	(23)	—	60
Restructuring-related charges	2	(2)	—	—	—	—	—
Total expenses	333	(3)	(15)	(2)	(47)	—	266
<i>Total expense as a % of revenue</i>	<i>18.5%</i>	<i>(0.2)%</i>	<i>(0.8)%</i>	<i>(0.1)%</i>	<i>(2.6)%</i>	<i>—%</i>	<i>14.8%</i>
<b>Income (loss) from operations</b>	<b>146</b>	<b>3</b>	<b>28</b>	<b>2</b>	<b>85</b>	<b>—</b>	<b>264</b>
<i>Income (loss) from operations as a % of revenue</i>	<i>8.1%</i>	<i>0.2%</i>	<i>1.6%</i>	<i>0.1%</i>	<i>4.7%</i>	<i>—%</i>	<i>14.7%</i>
Interest and Other (expense) income, net	(57)	—	—	—	—	1	(56)
Income (loss) from continuing operations before income taxes	89	3	28	2	85	1	208
Income tax expense (benefit)	17	2	9	—	7	1	36
<i>Effective tax rate</i>	<i>19%</i>						<i>17%</i>
Income (loss) from continuing operations	72	1	19	2	78	—	172
Net income (loss) attributable to noncontrolling interests	4	—	—	—	—	—	4
<b>Income (loss) from continuing operations (attributable to NCR)</b>	<b>\$68</b>	<b>\$1</b>	<b>\$19</b>	<b>\$2</b>	<b>\$78</b>	<b>\$—</b>	<b>\$168</b>
<b>Diluted earnings per share</b>	<b>\$0.43</b>	<b>\$0.01</b>	<b>\$0.12</b>	<b>\$0.01</b>	<b>\$0.50</b>	<b>\$—</b>	<b>\$1.07</b>
Diluted shares outstanding	157.4						157.4

in millions, except per share amounts



# GAAP TO NON-GAAP RECONCILIATION

Q4 2016 QTD

	Q4 QTD 2016 GAAP	Q4 QTD 2016 non-GAAP
in millions (except per share amounts)		
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$68</b>	<b>\$168</b>
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	128.6	128.6
Weighted as-if converted preferred shares	28.8	28.8
<b>Total shares used in diluted earnings per share</b>	<b>157.4</b>	<b>157.4</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$0.43</b>	<b>\$1.07</b>

in millions, except per share amounts

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

FY 2016

in millions (except per share amounts)	FY 2016 GAAP	Restructuring / Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Divestiture and Liquidations Losses	Pension mar- to-market adjustments	FY 2016 non-GAAP
Product revenue	\$2,737	\$—	\$—	\$—	\$—	\$—	\$2,737
Service revenue	3,806	—	—	—	—	—	3,806
<b>Total revenue</b>	<b>6,543</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,543</b>
Cost of products	2,102	—	(34)	—	—	(34)	2,034
Cost of services	2,659	(4)	(24)	—	—	(4)	2,627
Gross margin	1,782	4	58	—	—	38	1,882
<b>Gross margin rate</b>	<b>27.2%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>—%</b>	<b>—%</b>	<b>0.6%</b>	<b>28.8%</b>
Selling, general and administrative expenses	926	(7)	(65)	(7)	—	(24)	823
Research and development expenses	242	—	—	—	—	(23)	219
Restructuring-related charges	15	(15)	—	—	—	—	—
Total expenses	1,183	(22)	(65)	(7)	—	(47)	1,042
Total expense as a % of revenue	18.1%	(0.3)%	(1.0)%	(0.1)%	—%	(0.7)%	15.9%
<b>Income (loss) from operations</b>	<b>599</b>	<b>26</b>	<b>123</b>	<b>7</b>	<b>—</b>	<b>85</b>	<b>840</b>
Income (loss) from operations as a % of revenue	9.2%	0.4%	1.9%	0.1%	—%	1.3%	12.8%
Interest and Other (expense) income, net	(220)	—	—	—	6	—	(214)
Income (loss) from continuing operations before income taxes	379	26	123	7	6	85	626
Income tax expense (benefit)	92	5	40	2	1	7	147
Effective tax rate	24%						23%
Income (loss) from continuing operations	287	21	83	5	5	78	479
Net income (loss) attributable to noncontrolling interests	4	—	—	—	—	—	4
<b>Income (loss) from continuing operations (attributable to NCR)</b>	<b>\$283</b>	<b>\$21</b>	<b>\$83</b>	<b>\$5</b>	<b>\$5</b>	<b>\$78</b>	<b>\$475</b>
<b>Diluted earnings per share</b>	<b>\$1.80</b>	<b>\$0.13</b>	<b>\$0.53</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.50</b>	<b>\$3.02</b>
Diluted Shares outstanding	157.4						157.4

in millions, except per share amounts

# GAAP TO NON-GAAP RECONCILIATION

FY 2016

	FY 2016 GAAP	FY 2016 non-GAAP
in millions (except per share amounts)		
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$283</b>	<b>\$475</b>
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	129.2	129.2
Weighted as-if converted preferred shares	28.2	28.2
<b>Total shares used in diluted earnings per share</b>	<b>157.4</b>	<b>157.4</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$1.80</b>	<b>\$3.02</b>

in millions, except per share amounts

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

## Revenue Growth % (GAAP) to Revenue Growth Adjusted Constant Currency % (non-GAAP)

	Q3 2017 QTD		
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software License	(12)%	(1)%	(11)%
<i>Attached License</i>	(22)%	1%	(23)%
<i>Unattached License</i>	(4)%	—%	(4)%
Software Maintenance	3%	—%	3%
Cloud	5%	—%	5%
Professional Services	6%	—%	6%
<b>Software</b>	<b>2%</b>	<b>—%</b>	<b>2%</b>
<b>Services</b>	<b>3%</b>	<b>—%</b>	<b>3%</b>
ATMs	(16)%	1%	(17)%
Self-Checkout (SCO)	(24)%	—%	(24)%
Point-of-Sale (POS)	19%	1%	18%
Interactive Printer Solutions (IPS)	—%	—%	—%
<b>Hardware</b>	<b>(6)%</b>	<b>1%</b>	<b>(7)%</b>
<b>Total Revenue</b>	<b>(1)%</b>	<b>—%</b>	<b>(1)%</b>

# GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Gross Margin Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Gross Margin Growth % (non-GAAP)
Software	—%	—%	—%
Services	24%	(1)%	25%
Hardware	(30)%	2%	(32)%
<b>Total Gross Margin</b>	<b>(1)%</b>	<b>1%</b>	<b>(2)%</b>

# GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Operating Income Growth % Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income Growth % (non-GAAP)
Software	1%	—%	1%
Services	59%	(5)%	64%
Hardware	(107)%	(1)%	(106)%
<b>Total Operating Income</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>

# GAAP TO NON-GAAP RECONCILIATION

## Gross Margin Growth bps (GAAP) to Gross Margin Growth bps on a Constant Currency Basis (non-GAAP)

	Q3 2017 QTD		
	Gross Margin bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Gross Margin bps Growth (non-GAAP)
Software	-70 bps	— bps	-70 bps
Services	+450 bps	-10 bps	+460 bps
Hardware	-500 bps	+40 bps	-540 bps
<b>Total Gross Margin bps</b>	<b>-10 bps</b>	<b>— bps</b>	<b>-10 bps</b>

# GAAP TO NON-GAAP RECONCILIATION

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

	Q3 2017 QTD		
	Operating Income bps Growth Reported	Favorable (unfavorable) FX impact	Constant Currency Operating Income bps Growth (non-GAAP)
Software	-10 bps	— bps	-10 bps
Services	+510 bps	-20 bps	+530 bps
Hardware	-480 bps	+40 bps	-520 bps
<b>Total Operating Income</b>	<b>+40 bps</b>	<b>— bps</b>	<b>+40 bps</b>



# GAAP TO NON-GAAP RECONCILIATION

## Revenue Growth % (GAAP) to Revenue Growth Adjusted Constant Currency % (non-GAAP)

	Q3 2017 YTD			
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture Impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	4%	—%	—%	4%
Services	3%	(1)%	—%	4%
Hardware	(6)%	—%	(7)%	1%
<b>Total Revenue</b>	<b>—%</b>	<b>—%</b>	<b>(3)%</b>	<b>3%</b>

# GAAP TO NON-GAAP RECONCILIATION

## Revenue Growth % (GAAP) to Revenue Growth Adjusted Constant Currency % (non-GAAP)

	Q4 2016 QTD			
	Revenue Growth % (GAAP)	Favorable (unfavorable) FX impact	Divestiture Impact	Revenue Growth Adjusted Constant Currency % (non-GAAP)
Software	9%	(1)%	—%	10%
Services	1%	(2)%	—%	3%
Hardware	11%	(2)%	(17)%	30%
<b>Total Revenue</b>	<b>7%</b>	<b>(1)%</b>	<b>(6)%</b>	<b>14%</b>

# GAAP TO NON-GAAP RECONCILIATION

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

	2017 Guidance	Prior 2017 Guidance	Q4 2017 Guidance
Diluted EPS (GAAP) <sup>(1)</sup>	\$1.97 - \$2.09	\$2.20 - \$2.32	\$0.64 - \$0.76
Transformation costs	0.14 - 0.17	0.14 - 0.17	0.02 - 0.05
Acquisition-Related Amortization of Intangibles	0.49	0.49	0.13
Acquisition-Related Costs	0.03	0.03	0.02
Deemed dividends related to Blackstone Transaction	0.39	0.39	—
<b>Non-GAAP Diluted EPS <sup>(1)</sup></b>	<b>\$3.10 - \$3.20</b>	<b>\$3.32 - \$3.42</b>	<b>\$0.83 - \$0.93</b>

<sup>(1)</sup> Non-GAAP diluted EPS is determined using the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of weighted average diluted shares outstanding. GAAP EPS is determined using the most dilutive measure, either including the impact of dividends or deemed dividends on the Company's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may not mathematically reconcile.

