NCR CORP
Form DEF 14A
March 11, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.   )

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

NCR CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

.

NOTICE OF 2013 ANNUAL MEETING

AND PROXY STATEMENT

March 11, 2013

Dear Fellow NCR Stockholder:

I am pleased to invite you to attend NCR s 2013 Annual Meeting of Stockholders that will be held on April 24, 2013, at 9:00 a.m. Eastern Time, in the Auditorium at NCR Corporation s office located at 3097 Satellite Boulevard, Duluth, Georgia 30096.

The accompanying notice of the Annual Meeting and proxy statement tell you more about the agenda and procedures for the meeting. They also describe how the Board of Directors operates and provide information about our director candidates, executive officer and director compensation and corporate governance matters. I look forward to sharing more information with you about NCR at the Annual Meeting.

As in prior years, we are offering to our stockholders the option to receive NCR s proxy materials on the Internet. We believe this option, which we intend to continue to offer in future years, will be preferred by many of our stockholders, as it allows NCR to provide our stockholders the information they need in an environmentally-conscious form and at a reduced cost.

Your vote is important. Whether or not you plan to attend the Annual Meeting, I urge you to authorize your proxy as soon as possible. You may vote by proxy on the Internet or by telephone, or, if you received the proxy materials by mail, you may also vote by mail. Your vote will ensure your representation at the Annual Meeting regardless of whether you attend in person.

Sincerely,

William R. Nuti

Chairman of the Board,

Chief Executive Officer and President

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF NCR CORPORATION

Time:

9:00 a.m. Eastern Time

Date:

Wednesday, April 24, 2013

Place:

NCR Corporation

Auditorium

3097 Satellite Boulevard

Duluth, Georgia 30096

Purpose:

- Elect three Class B directors identified in this proxy statement to hold office for three-year terms and one Class C director to hold office for a one-year term, or until his or her respective successor is duly elected and qualified;
- Consider and vote upon the ratification of the appointment of the Company s independent registered public accounting firm for 2013;
- Consider and hold an advisory vote to approve executive compensation (Say on Pay) as disclosed in these proxy materials;
- Consider and vote upon the approval of the NCR Corporation 2013 Stock Incentive Plan;
- Consider and vote upon a stockholder proposal to repeal the classified Board of Directors if properly presented at the Annual Meeting; and
- Transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.

Other Important Information:

- Registered holders of NCR common stock at the close of business on February 12, 2013 may vote at the meeting.
- Your shares cannot be voted unless they are represented by proxy or in person by the record holder at the meeting. **Even if you plan to attend the meeting, please authorize your proxy.**

By order of the Board of Directors,

Jennifer M. Daniels

Senior Vice President, General Counsel *and Secretary*

March 11, 2013

Important Notice Regarding the Availability of Proxy Materials for the

Stockholder Meeting to be Held on April 24, 2013

This proxy statement and NCR s 2012 Annual Report on Form 10-K are available at www.proxyvote.com.

NCR Corporation

3097 Satellite Boulevard

Duluth, Georgia 30096

PROXY STATEMENT

GENERAL INFORMATION

These materials are intended to solicit proxies on behalf of the Board of Directors of NCR Corporation, a Maryland corporation (which we refer to as NCR, the Company, we, or us), for the 2013 Annual Meeting of Stockholders, including any adjournment or postponement thereof. The meeting will be convened at 9:00 a.m., Eastern Time, on April 24, 2013, in the Auditorium at NCR s office at 3097 Satellite Boulevard, Duluth, Georgia 30096.

Delivery of Proxy Materials

We are providing access to our proxy materials (including this proxy statement, together with a notice of meeting and the Company s annual report) on the Internet pursuant to rules adopted by the Securities and Exchange Commission (SEC). Accordingly, beginning on or about March 11, 2013, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to stockholders entitled to vote at the meeting. You may also request a printed copy of the proxy materials by mail. If you do so, these materials will also include the proxy card for the Annual Meeting. To request a printed copy of the proxy materials, please contact us via the Internet (www.proxyvote.com), telephone (1-800-579-1639) or by email (sendmaterial@proxyvote.com) on or before April 10, 2013. If requesting material by email, please send a blank email with the 12-digit Control Number (located on the Notice) in the subject line. Requests, instructions and other inquiries will NOT be forwarded to your investment advisor.

All stockholders will have the ability to access, beginning on March 11, 2013, the proxy materials on the website referred to in the Notice or to request to receive a printed copy of the proxy materials at no charge. If you request a printed copy of the proxy materials, we will mail them to you within three business days of your request, at no cost to you. The Notice includes instructions on how to access the electronic proxy materials, as well as instructions for requesting a printed copy. In addition, stockholders may permanently elect to receive future proxy materials in either electronic form by email or printed form by mail. If you make such an election, we will continue to send you the materials pursuant to your election, until you notify us otherwise.

We are taking advantage of the householding rules adopted by the SEC that permit us to deliver only one Notice to stockholders who share an address, unless otherwise requested. This allows us to reduce the expense of delivering duplicate Notices to our stockholders who may have more than one stock account or who share an address with another NCR stockholder. If you have multiple NCR common stock record accounts and/or share an address with a family member who is an NCR stockholder and have received only one Notice, you may write or call us at 3097 Satellite Boulevard, Duluth, Georgia 30096-5810 (phone: 1-800-225-5627) to request separate copies of the proxy materials at no cost to you. If you have received only one copy of the Notice and you do not wish to participate in the householding program or if you have received multiple copies of the Notice and you do wish to participate in the householding program, please call 1-800-542-1061 to opt-in , opt-out or revoke your consent.

Stockholders Entitled to Vote at the Meeting

If you were a registered stockholder at the close of business on the record date for the meeting, February 12, 2013, you are entitled to vote at the meeting. There were 163,732,442 shares of common stock outstanding on the record date. You will have one vote on each matter properly brought before the meeting for each share of NCR common stock you own.

Electronic Access to Proxy Materials and Annual Report

The Notice includes instructions regarding how to:

view proxy materials for the Annual Meeting on the Internet; and

instruct us to send you all future proxy materials by email.

If you choose to receive future proxy materials by email, next year you will receive an email with a link to the proxy materials and proxy voting site. Your election to receive future proxy materials by email will remain in effect until you terminate your election. Choosing to receive your future proxy materials by email will save the Company the cost of producing and mailing these documents and reduce the impact of our Annual Meeting on the environment.

How to Vote Your Shares

Your vote is important. Your shares can be voted at the Annual Meeting only if you are present in person or represented by proxy. Even if you plan to attend the meeting, we urge you to authorize your proxy in advance. We encourage you to authorize your proxy electronically by going to the www.proxyvote.com website or by calling the toll-free number (for residents of the United States and Canada) listed on your proxy card. Please have your proxy card in hand when going online or calling. ***If you authorize your proxy electronically, you do not need to return your proxy card.*** If you received proxy materials by mail and choose to authorize your proxy by mail, simply mark your proxy card, and then date, sign and return it in the postage-paid envelope provided so it is received no later than April 23, 2013.

If you hold your shares beneficially in street name, i.e., through a nominee (such as a bank or broker), you may be able to authorize your proxy by telephone or the Internet as well as by mail. You should follow the instructions you receive from your broker or other nominee to vote these shares.

How to Revoke Your Proxy

You may revoke your proxy at any time before it is voted at the meeting by:

voting again on the Internet or by telephone (only the latest Internet or telephone proxy will be counted);

properly executing and delivering a later-dated proxy card;

voting by ballot at the meeting; or

sending a written notice of revocation to the inspectors of election in care of the Corporate Secretary of the Company at 3097 Satellite Boulevard, Duluth, Georgia 30096-5810 so it is received no later than April 23, 2013.

Voting at the Annual Meeting

The method by which you vote and authorize your proxy will in no way limit your right to vote at the meeting if you later decide to vote in person at the meeting. If you hold your shares in street name, you must obtain a proxy executed in your favor from your nominee (such as your bank or broker) to be able to vote at the meeting.

Your shares will be voted at the meeting as directed by your electronic proxy, the instructions on your proxy card or voting instructions if: (1) you are entitled to vote; (2) your proxy was properly executed or properly authorized electronically; (3) we received your proxy prior to the meeting; and (4) you did not revoke your proxy prior to or at the meeting.

Voting Shares Held in the NCR Savings Plan

If you are a participant in the NCR Savings Plan, your proxy includes any NCR common stock allocated to your plan account. The trustee of this plan will vote the number of shares allocated to your account according to your instructions. If you do not vote your shares in the NCR Savings Plan as instructed above, the trustee will vote unallocated shares, and any allocated shares for which voting instructions are not timely received, in the same proportion of For and Against votes as the shares for which voting instructions were timely received.

Voting Shares Held Under the NCR Direct Stock Purchase and Sale Plan

If you are a participant in the Direct Stock Purchase and Sale Plan (the DSPP) administered by our transfer agent, Wells Fargo Bank, N.A. for NCR, your proxy includes the NCR common stock held in your DSPP account. Wells Fargo Bank, N.A., as the DSPP administrator, is the stockholder of record of that plan and will not vote those shares unless you provide it with instructions, which you may do, by telephone, or the Internet as well as by mail.

Quorum for the Meeting; Votes Required to Approve Each Item

The presence at the meeting (in person or by proxy) of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting as of the close of business on February 12, 2013 constitutes a quorum allowing us to conduct business at the meeting. A majority of all the votes cast (in person or by proxy) is required to elect directors, to ratify the appointment of our independent registered public accounting firm, to approve the non-binding advisory vote on executive compensation, and to approve the stockholder proposal to repeal the classified Board of Directors, if properly presented at the Annual Meeting. Under Maryland law, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the vote for the above items. A broker non-vote occurs when a broker returns a properly executed proxy but does not vote on a particular proposal because the broker does not have the discretionary authority to vote on the proposal and has not received voting instructions from the beneficial owner regarding the proposal. A majority of all the votes cast (in person or by proxy) is required to adopt the NCR Corporation 2013 Stock Incentive Plan provided that the total vote cast on the proposal represents over 50% of all securities entitled to vote on the proposal. For purposes of the vote on the proposal to adopt the NCR Corporation 2013 Stock Incentive Plan, abstentions will count as votes cast and have the same effect as votes against the proposal; broker non-votes will not count as votes cast and will have no effect on the outcome of the vote provided that holders of more than 50% of our common stock vote on the proposal. Under the rules of the New York Stock Exchange (NYSE), brokers have the discretionary authority to vote on the ratification of our independent registered public accounting firm, but not for the election of our directors, the non-binding advisory vote on executive compensation, the approval of the 2013 Stock Incentive Plan or the stockholder proposal to repeal the classified Board of Directors.

Annual Meeting Admission

You may attend the meeting if you are a registered stockholder, a proxy for a registered stockholder, or a beneficial owner of NCR common stock with evidence of ownership. **If you plan to attend the meeting in person, please complete and return to NCR s Corporate Secretary, by mail, the meeting reservation request form provided on the Internet, or, if you received the proxy materials by mail, the form provided on page 91 of this proxy statement. If you are not a registered stockholder, please include evidence of your ownership of NCR stock with the form (such as an account statement showing you own NCR stock as of the record date).** If you do not have a reservation for the meeting, you may still attend if we can verify your stock ownership at the meeting.

Annual Meeting Voting Results

We will include the results of the votes taken at the meeting in a current report on Form 8-K filed with the SEC within four business days following the meeting.

The Board s Recommendations

If you authorize your proxy electronically or send a properly executed proxy without specific voting instructions, your shares represented by that proxy will be voted as unanimously recommended by the Board of Directors:

FOR the election of each of the three Class B director nominees and one Class C director nominee;

FOR ratification of the appointment of the Company s independent registered public accounting firm for 2013;

FOR the approval, on an advisory basis, of executive compensation as disclosed in these proxy materials;

FOR the approval of the NCR Corporation 2013 Stock Incentive Plan; and

AGAINST the advisory stockholder proposal to repeal the classified Board of Directors.

STOCK OWNERSHIP

Ownership by Officers and Directors

The following table reflects the NCR common stock beneficially owned, as determined under the applicable SEC rules, as of February 6, 2013 (the Table Date) by (i) each current or former executive officer named in the Summary Compensation Table below on page 44 (the Named Executive Officers or NEOs), (ii) each non-employee director and nominee and (iii) all current directors and executive officers as a group. Except to the extent indicated in the footnotes below, to NCR s knowledge, each person named in the table below has sole voting and investment power over the shares reported. As of the Table Date, 163,305,807 shares of the Company s common stock were issued and outstanding.

	Total Shares Beneficially Owned[(1)(2)]	Percent	Number of Shares Subject to Options Exercisable Within 60 Days of February 6, 2013	Number of RSUs That Vest Within 60 Days of February 6, 2013 [(3)]
Non-Employee Directors				
Edward (Pete) Boykin, Director	170,677	*	74,455	
Richard L. Clemmer, Director	101,451	*	51,479	
Gary J. Daichendt, Director	107,289	*	58,455	
Robert P. DeRodes, Director	94,553	*	51,479	
Kurt P. Kuehn, Director	7,522	*		
Linda Fayne Levinson, Independent Lead Director	160,268	*	74,455	
Deanna W. Oppenheimer, Director	2,842	*		
Named Executive Officers				
William R. Nuti, Director and Officer	816,047	*	660,812	155,235
Robert P. Fishman, Officer	72,993	*	56,340	8,988
Peter A. Leav, Officer	96,450	*	61,392	20,426
John G. Bruno, Officer	294,560	*	103,810	75,321
Peter A. Dorsman, Officer	238,379	*	138,280	44,671
Current Directors, Named Executive Officers and remaining Executive Officers as a Group (14 persons)	2,350,323	1.4%	1,435,547	331,803

* Less than one percent.

(1) The number of shares beneficially owned by each person as of the Table Date includes shares of common stock that such person had the right to acquire on or within 60 days after that date, including, but not limited to, upon the exercise of options and vesting and payment of restricted stock units. This does not include restricted stock units granted as of the Table Date that vest more than 60 days after the Table Date which, in the case of our NEOs is as follows: Mr. Nuti 536,997; Mr. Fishman 99,339; Mr. Bruno 139,818; Mr. Dorsman 87,850; and Mr. Leav 96,164.

(2) Some of NCR s executive officers and directors own fractional shares of NCR stock. For purposes of this table, all fractional shares have been rounded to the nearest whole number. This column also includes 76,222 shares granted to Mr. Boykin; 49,972 shares granted to Mr. Clemmer; 14,876 shares granted to Mr. DeRodes, and 5,642 shares granted to Mr. Kuehn, all of which were deferred pursuant to the director s election until the time of the director s departure from the Board. No executive officer or director has pledged any shares in their brokerage accounts.

(3) This column reflects those shares the officers and directors have the right to acquire through restricted stock vesting on or within 60 days after the Table Date, ignoring the withholding of shares of common stock to cover applicable taxes. These shares are also included in the Total Shares Beneficially Owned column.

Other Beneficial Owners of NCR Stock

To the Company s knowledge, and as reported as of February 14, 2013 (except as otherwise specified), the following stockholders beneficially own more than 5% of the Company s outstanding stock.

Name and Address of Beneficial Owner	Total Number of Shares	Percent of Class
FMR LLC (1) 82 Devonshire Street Boston, MA 02109	14,582,838	9.12%
Greenlight Entities (2) 140 East 45th Street 24th Floor New York, New York 10017	10,259,790	6.40%
BlackRock(3) 40 East 52nd Street New York, New York 10022	10,140,397	6.34%
The Vanguard Group (4) 100 Vanguard Boulevard Malvern, PA 19355	8,847,236	5.53%

(1) Information is based on a Schedule 13G filed with the SEC on February 14, 2013 by FMR LLC (FMR) and Edward C. Johnson 3d (Johnson) reporting beneficial ownership of the Company s stock as of December 31, 2012, on behalf of its direct and indirect subsidiaries including Fidelity Management & Research Company, Strategic Advisers, Inc., Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company and FIL Limited. In this filing, FMR reported sole voting power with respect to 2,556,114 of such shares, and sole dispositive power with respect to all 14,582,838 of such shares. Johnson reported shared voting and dispositive power with respect to all 14,582,838 of such shares as members of the Johnson Family and Johnson, as Chairman of FMR, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, which represent 49% of the voting power of FMR.

(2) Information is based on a Schedule 13G/A filed with the SEC on February 14, 2013 by Greenlight Capital, L.L.C. (Greenlight), Greenlight Capital, Inc. (Greenlight Inc.), DME Management GP, LLC (DME Management), DME Advisors, LP (DME Advisors), DME Capital Management, LP (DME Capital Management), DME Advisors GP, LLC (DME Advisors GP) and David Einhorn (collectively, the Greenlight Entities), reporting beneficial ownership of an aggregate of 10,259,790 shares of the Company s stock as of December 31, 2012. In this filing Greenlight reported shared voting and dispositive power with respect to 2,648,336 of such shares, which are held for the accounts of certain investment funds for which it is the general partner. Greenlight Inc. reported shared voting and dispositive power with respect to 6,470,264 of such shares, which are held for certain accounts for which it acts as investment manager. DME Management reported shared voting and dispositive power with respect to 1,197,973 of such shares, which are held for the account of an investment fund for which it is the general partner. DME Advisors reported shared voting and dispositive power with respect to 1,416,700 of such shares, which are held for the account of a managed account for which it acts as investment manager. DME Capital Management reported shared voting and dispositive power with respect to 2,372,826 of such shares, which are held for the account of certain investment funds for which it acts as investment manager. DME Advisors GP, as the general partner of DME Advisors and DME Capital Management, reported shared voting and dispositive power with respect to 3,789,526 of such shares, which are held for certain accounts for which either DME Advisors or DME Capital Management acts as investment manager. David Einhorn reported shared voting and dispositive power with respect to all 10,259,790 of such shares as principal of Greenlight, Greenlight Inc., DME Management, DME Advisors, DME Capital Management and DME Advisors GP. Each of the Greenlight Entities disclaims all such beneficial ownership except to the extent of its pecuniary interest in any shares of the Company s stock.

(3) Information is based on a Schedule 13G/A filed with the SEC on February 5, 2013 by BlackRock, Inc. (BlackRock), reporting beneficial ownership of 10,140,397 shares of the Company s stock as of December 31, 2012. In this filing, BlackRock reported sole voting and dispositive power with respect to all such shares.

(4) Information is based on a Schedule 13G filed with the SEC on February 12, 2013 by The Vanguard Group (Vanguard Group), reporting beneficial ownership of 8,847,236 shares of the Company s stock as of December 31, 2012. In this filing, Vanguard Group reported sole dispositive power with respect to 8,734,915 of such shares, sole voting power with respect to 119,688 of such shares, and shared dispositive power with respect to 112,321 of such shares. Vanguard Group also reported that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard Group, may be deemed to have beneficial ownership of 112,321 of such shares as investment manager of certain collective trust accounts, and that Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard Fiduciary, may be deemed to have beneficial ownership of 7,367 of such shares as a result of serving as investment manager of certain Australian investment offerings.

ELECTION OF DIRECTORS

(Item 1 on Proxy Card)

The Board of Directors of NCR (the Board) is currently divided into three classes. Directors hold office for staggered terms of three years (or less if they are filling a vacancy) and until their successor is elected and qualify. One of the three classes is elected each year to succeed the directors whose terms are expiring. The current terms for the directors in Classes A, B and C of the Board expire at the annual meetings of stockholders in 2015, 2013, and 2014, respectively.

Proxies solicited by the Board will be voted for the election of each of the nominees, unless you withhold your vote on your proxy. The Board has no reason to believe that any of these nominees will be unable to serve. However, if one of them should become unavailable prior to the Annual Meeting, the Board may reduce the size of the Board or designate a substitute nominee. If the Board designates a substitute, shares represented by proxies will be voted for the substitute nominee.

The name, age, principal occupation, other business affiliations and certain other information regarding each nominee for election as a director and each director whose term of office continues is below. The age reported of each director is as of the filing date of this proxy statement.

The Board of Directors recommends that you vote FOR each of the following nominees for election as a director.

Proxies received by the Board will be voted FOR all nominees unless they specify otherwise.

Class B Current Terms Expiring in 2013 and New Terms Expiring in 2016:

Mr. Boykin and Ms. Levinson are Class B directors whose current terms are expiring at the 2013 annual meeting. In addition, on May 23, 2012, the NCR Board of Directors elected Ms. Oppenheimer as a Class B director, effective August 1, 2012, to serve until the 2013 annual meeting. Mr. Boykin, Ms. Levinson and Ms. Oppenheimer have been nominated to serve until the 2016 annual meeting of stockholders and until their successors have been elected and qualify.

Edward Pete Boykin, 74, was Chair of the Board of Directors of Capital TEN Acquisition Corp., a special purpose acquisition company, from October 2007 to May 2008. He served as President and Chief Operating Officer of Computer Sciences Corporation (CSC), an information technology services company he joined in 1966, from July 2001 to June 2003. Mr. Boykin is also a director of Teradata Corporation and is Chairman of the Board of Directors of Engility Holdings, Inc. which he joined in July 2012. Mr. Boykin became a director of NCR on June 5, 2002. In recommending Mr. Boykin as a nominee for election as a director of the Company, the Committee on Directors and Governance considered Mr. Boykin s independence and his previous experience at CSC, a multi-billion dollar international company with complex accounting issues, including among other things, his extensive experience evaluating financial statements in his former position as CSC s President and Chief Operating Officer, his past experience managing major acquisitions at CSC and his former role on CSC s disclosure committee. In addition to these attributes, the Committee on Directors and Governance considered Mr. Boykin s financial literacy and independence in concluding that his abilities would meet the needs of the Board of Directors.

Linda Fayne Levinson, 71, was Chair of the Board of Directors of Connexus Corporation (formerly VendareNetblue), an online marketing company, from July 2006 until May 2010 when it was merged into Epic Advertising. Ms. Levinson was a partner at GRP Partners, a private equity investment fund investing in start-up and early-stage retail and electronic commerce companies, from 1997 to December 2004. Prior to that, she was a partner in Wings Partners, a private equity firm, an executive at American Express running its leisure travel and tour business, and a Partner at McKinsey & Co. Ms. Levinson was a director of DemandTec, Inc. from June 2005 until February 2012 when it was acquired by International Business Machines Corporation. Ms. Levinson is currently a director of Jacobs Engineering Group Inc., Ingram Micro Inc., The Western Union Company and Hertz Global Holdings, Inc. Ms. Levinson became a director of NCR on January 1, 1997 and was appointed the Independent Lead Director of the NCR Board of Directors on October 1, 2007. In recommending Ms. Levinson as a nominee for election as a director of the Company, the Committee on Directors and Governance considered her long experience as a public company director and a committee chair, starting in 1991, as well as her general management experience, including at American Express, her strategic experience at McKinsey & Company and her investment experience at GRP Partners and Wings Partners. Ms. Levinson s extensive management and leadership experience, her broad industry knowledge, independence, in-depth knowledge of corporate governance issues and diversity of perspective were also skills and attributes that led the Committee on Directors and Governance to conclude that her abilities would meet the needs of the Board of Directors.

Deanna W. Oppenheimer, 54, is Chief Executive Officer of CameoWorks, LLC, a global retail and financial services advisory firm, which she formed in 2005. Prior to rejoining CameoWorks in 2011, she served in a number of roles at Barclays, PLC, from 2005 to 2011, as Chief Executive of U.K. and Business banking and Vice Chair of Global Retail and Business Banking. From 1985 to 2005, Ms. Oppenheimer served in a number of positions at Washington Mutual, Inc., with her last role as President of Consumer Banking, where she helped to transform the lender from a regional to national player. Ms. Oppenheimer is currently a director of Tesco, PLC and Tesco Bank. Ms. Oppenheimer became a director of NCR on August 1, 2012. In recommending Ms. Oppenheimer as a nominee for election as a director of the Company, the Committee on Directors and Governance considered her current role as CEO at CameoWorks and her previous experience at Barclays, PLC, as Chief Executive of U.K. and Business Banking and Vice Chair, her previous experience as President of Consumer Banking at Washington Mutual, Inc., and the responsibilities associated with these positions. Ms. Oppenheimer s demonstrated management experience, independence, and financial literacy were also attributes that led the Committee on Directors and Governance to conclude that her skills would meet the needs of the Board of Directors.

Class C Current Term Expiring in 2013 and New Term Expiring in 2014:

On May 23, 2012, the NCR Board of Directors elected Mr. Kurt Kuehn as a Class C director to serve until the 2013 annual meeting. Mr. Kuehn has been nominated for election to serve until the 2014 annual meeting of stockholders and until his successor is elected and qualified.

Kurt P. Kuehn, 58, is Chief Financial Officer at United Parcel Service, Inc. (UPS), a global leader in logistics, a position he has held since 2008. Prior to his appointment as CFO, Mr. Kuehn was Senior Vice President Worldwide Sales and Marketing, leading the transformation of the sales organization to improve the global customer experience. Mr. Kuehn was UPS s first Vice President of Investor Relations, taking the in one of the largest IPOs in U.S. history. Since he joined UPS as a driver in 1977, Mr. Kuehn s UPS career has included leadership roles in sales and marketing, engineering, operations and strategic cost planning. Mr. Kuehn became a director of NCR on May 23, 2012. In recommending Mr. Kuehn as a nominee for election as a director of the Company, the Committee on Directors and Governance considered his current role as CFO at UPS, his previous experience at UPS as Senior Vice President Worldwide Sales and Marketing and Vice President of Investor Relations, and the responsibilities associated with these positions. Mr. Kuehn s demonstrated management experience, independence, and financial literacy were also attributes and skills that led the Committee on Directors and Governance to conclude that his abilities would meet the needs of the Board of Directors.

Directors Whose Terms of Office Continue

Class A Current Terms Expiring in 2015:

William R. Nuti, 49, is NCR s Chairman of the Board, Chief Executive Officer and President. Mr. Nuti became Chairman of the Board on October 1, 2007. Before joining NCR in August 2005, Mr. Nuti served as President and Chief Executive Officer of Symbol Technologies, Inc., an information technology company. Prior to that, he was Chief Operating Officer of Symbol Technologies. Mr. Nuti joined Symbol Technologies in 2002 following a 10 plus year career at Cisco Systems, Inc. where he advanced to the dual role of Senior Vice President of the company s Worldwide Service Provider Operations and U.S. Theater Operations. Prior to his Cisco experience, Mr. Nuti held sales and management positions at International Business Machines Corporation, Netrix Corporation and Network Equipment Technologies. Mr. Nuti is also a director of Sprint Nextel Corporation, and is a member of its Finance and Compensation Committees.

Mr. Nuti is also a member of the Georgia Institute of Technology advisory board and a trustee of Long Island University. Mr. Nuti became a director of NCR on August 7, 2005. In determining Mr. Nuti should continue serving as a director of the Company, the Committee on Directors and Governance considered his current role as Chief Executive Officer and President of the Company, his experience as a director of another public company, his previous experience as President and Chief Executive Officer of Symbol Technologies, his previous experience as Senior Vice President at Cisco Systems, and the responsibilities associated with these positions. Mr. Nuti s demonstrated management and leadership experience and global sales and operations experience, were also skills and attributes that led the Committee on Directors and Governance to conclude that his abilities would meet the needs of the Board of Directors.

Gary J. Daichendt, 61, has been principally occupied as a private investor since June 2005 and has been a managing member of Theory R Properties LLC, a commercial real estate firm, since October 2002. He served as President and Chief Operating Officer of Nortel Networks Corporation, a global supplier of communication equipment, from March 2005 to June 2005. Prior to that and until his retirement in December 2000, Mr. Daichendt served as Executive Vice President, Worldwide Operations for Cisco Systems, Inc. Mr. Daichendt is also Chairman of ShoreTel Inc. Mr. Daichendt became a director of NCR on April 26, 2006. In determining Mr. Daichendt should continue serving as a director of the Company, the Committee on Directors and Governance considered his previous experience as President and Chief Operating Officer of Nortel Networks Corporation, his previous experience as Executive Vice President, Worldwide Operations, for Cisco Systems, and the responsibilities associated with these positions. Mr. Daichendt s demonstrated management experience, financial literacy and independence were also attributes and skills that led the Committee on Directors and Governance to conclude that his abilities would meet the needs of the Board of Directors.

Robert P. DeRodes, 62, is the founder of DeRodes Enterprises, LLC, a Georgia-based corporation that primarily provides information technology and business operations consulting, as well as management advisory services. Prior to starting this company, Mr. DeRodes served as Executive Vice President, Global Operations & Technology of First Data Corporation, an electronic commerce and payments company, from October 2008 to July 2010. Prior to First Data Corporation, Mr. DeRodes served as Executive Vice President and Chief Information Officer of The Home Depot, Inc., a home improvement retailer, from February 2002 to October 2008 and as President and Chief Executive Officer of Delta Technology, Inc. and Chief Information Officer of Delta Air Lines, Inc., from September 1999 until February 2002. Prior to Delta, Mr. DeRodes held various executive positions in the financial services industry with Citibank (1995-1999) and with USSA (1983-1993). Mr. DeRodes became a director of NCR on April 23, 2008. In determining Mr. DeRodes should continue serving as a director of the Company, the Committee on Directors and Governance considered the scope of his previous experience and the responsibilities associated with the aforementioned positions. Mr. DeRodes demonstrated management experience, information technology experience, understanding of the financial services, retail and transportation industries, and independence led the Committee on Directors and Governance to conclude that his abilities would meet the needs of the Board of Directors.

Class C Current Term Expiring in 2014:

Richard L. Clemmer, 61, is President and Chief Executive Officer of NXP B.V., a semiconductor company, a position he has held since January 1, 2009. Prior to that, he was a senior advisor to Kohlberg Kravis Roberts & Co., a private equity firm, a position he held from May 2007 to December 2008. He previously served as President and Chief Executive Officer of Agere Systems Inc., an integrated circuits components company that was acquired in 2007 by LSI Logic Corporation, from October 2005 to April 2007. Mr. Clemmer became a director of NCR on April 23, 2008. During the past 5 years, Mr. Clemmer was a director of i2 Technologies, Inc. and Trident Microsystems Inc. In determining Mr. Clemmer should continue serving as a director of the Company, the Committee on Directors and Governance considered his experience in his position at NXP B.V. and his former positions with Kohlberg Kravis Roberts & Co. and Agere Systems Inc. Mr. Clemmer s demonstrated management experience, independence, and financial literacy were also attributes that led the Committee on Directors and Governance to conclude that his skills would meet the needs of the Board of Directors.

ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS

The Board of Directors oversees the overall performance of the Company on your behalf. Members of the Board stay informed of the Company s business by participating in Board and committee meetings (including regular executive sessions of the Board), by reviewing materials provided to them prior to meetings and otherwise, and through discussions with the Chief Executive Officer and other members of management and staff.

Corporate Governance

NCR s Board of Directors is elected by the stockholders to govern the affairs of the Company. The Board selects the senior management team, which is charged with conducting the Company s business. Having selected the senior management team, the Board acts as an advisor to senior management and monitors its performance. The Board reviews the Company s strategies, financial objectives and operating plans. It also plans for management succession of the Chief Executive Officer, as well as other senior management positions, and oversees the Company s compliance efforts.

To help discharge its responsibilities, the Board of Directors has adopted Corporate Governance Guidelines on significant corporate governance issues, including, among other things, director independence, committee membership and structure, meetings and executive sessions, and director selection, training and retirement. The Corporate Governance Guidelines, as well as the Board s committee charters, are found under Corporate Governance on the About NCR page of NCR s website at http://www.ncr.com/about-ncr/corporate-governance. You also may obtain a written copy of the Corporate Governance Guidelines, or any of the Board s committee charters, by writing to NCR s Corporate Secretary at the address listed on page 16 of this proxy statement.

The Corporate Governance Guidelines reflect, among other things, the belief and policy of the Board of Directors that a substantial majority of its members should be independent, and the Board has established standards to assist it in determining director independence. These standards, which meet, and in some cases exceed, the independence guidelines for directors under the NYSE listing standards, are set forth below and are included as Exhibit B to the Corporate Governance Guidelines.

Under the standards of independence set forth in the Corporate Governance Guidelines, a Board member may not be independent unless the Board affirmatively determines that the Board member has no material relationship with the Company (whether directly or indirectly), taking into account the following factors, in addition to those other factors it may deem relevant:

has not been an employee of the Company or any of its affiliates, or affiliated with the Company, within the past five years;

has not been affiliated with or an employee of the Company s present or former independent auditors or its affiliates for at least five years after the end of such affiliation or auditing relationship;

has not for the past five years been a paid advisor, service provider or consultant to the Company or any of its affiliates or to an executive officer of the Company or an employee or owner of a firm that is such a paid advisor, service provider or consultant;

does not, directly or indirectly, have a material relationship (such as being an executive officer, director, partner, employee or significant stockholder) with a company that has made payments to or received payments from the Company that exceeded, in any of the previous three fiscal years, the greater of $1 million or 2% of the other company s consolidated gross revenues;

is not an executive officer or director of a foundation, university or other non-profit entity receiving significant contributions from the Company, including contributions in the previous three years that, in any single fiscal year, exceeded the greater of $1 million or 2% of such charitable organization s consolidated gross revenues;

has not been employed by another corporation that has (or had) an executive officer of the Company on its board of directors during the past five years;

has not received compensation, consulting, advisory or other fees from the Company, other than director compensation and expense reimbursement or compensation for prior service that is not contingent on continued service for the past five years; and

is not and has not been for the past five years, a member of the immediate family of (i) an officer of the Company, (ii) an individual who receives or has received during any twelve-month period more than $120,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service that is not contingent on continued service, (iii) an individual who, with respect to the Company s independent auditors or their affiliates, is a current partner or a current employee personally working on the Company s audit or was a partner or employee and personally worked on the Company s audit, (iv) an individual who is an executive officer of another corporation that has (or had) an executive officer of the Company on its board of directors, (v) an executive officer of a company that has made payment to, or received payments from, the Company in a fiscal year that exceeded the greater of $1 million or 2% of the other company s consolidated gross revenues, or (vi) any director who is not considered an independent director.

Consistent with the Corporate Governance Guidelines, on an annual basis the Board, with input from the Committee on Directors and Governance, determines whether each non-employee Board member is considered independent. In doing so, the Board takes into account the factors listed above, and such other factors as it may deem relevant.

NCR s Board of Directors has determined that all of the Company s non-employee directors and nominees, namely Edward (Pete) Boykin, Richard L. Clemmer, Gary J. Daichendt, Robert P. DeRodes, Kurt P. Kuehn, Linda Fayne Levinson and Deanna W. Oppenheimer are independent in accordance with the NYSE listing standards and the Company s Corporate Governance Guidelines.

The Board of Directors met eight times last year. During 2012, each incumbent member of the Board attended 75% or more (with the exception of Mr. Clemmer who attended 71.43%) of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served). In addition, while the Company has no formal policy regarding director attendance at its annual meeting of stockholders, NCR s directors are encouraged to attend the Company s annual meetings. All of the directors then in office attended the Company s 2012 Annual Meeting.

Board Leadership Structure and Risk Oversight

As set out in the Corporate Governance Guidelines, the Board of Directors does not have a guideline on whether the Chairman and Chief Executive Officer roles should be combined, or whether the role of Chairman should be held by a non-employee director. Instead our Board has the flexibility to select a Chairman as it deems best for the Company from time to time. Under the Corporate Governance Guidelines, if the positions of Chairman and Chief Executive Officer are held by the same person, the Board will select a Lead Director from its independent directors. Additionally, the Board has set out the roles of Chairman and Chief Executive Officer and the independent Lead Director in Exhibit C to the Corporate Governance Guidelines.

Currently the Company s Board of Directors has an integrated leadership structure in which William R. Nuti serves in the combined roles of Chairman and Chief Executive Officer, and Linda Fayne Levinson serves as the Board s independent Lead Director. The Board believes that this structure promotes greater efficiency through more direct communication of critical information between the Company and the Board. In addition, the Chief Executive Officer s extensive knowledge of the Company uniquely qualifies him, in close consultation with the

independent Lead Director, to both lead the Board in discussing strategic matters and assessing risks, and focuses the Board on the issues that are most material to the Company. Combining the roles of Chairman and Chief Executive Officer also has allowed the Company to more effectively develop and communicate a unified vision and strategy to the Company s stockholders, employees and customers.

Consistent with the Corporate Governance Guidelines, the independent Lead Director has broad authority, as follows. The independent Lead Director: presides at the executive sessions of the non-employee directors and at all Board meetings at which the Chairman is not present; serves as liaison between the Chairman and the independent directors; frequently communicates with the Chief Executive Officer; is authorized to call meetings of the independent directors; obtains Board member and management input and, with the Chief Executive Officer, sets the agenda for the Board; approves meeting schedules to assure there is sufficient time for discussion of all agenda items; works with the Chief Executive Officer to ensure that Board members receive the right information on a timely basis; stays current on major risks and focuses the Board members on such risks; molds a cohesive Board to support success of the Chief Executive Officer; works with the Committee on Directors and Governance to evaluate Board and committee performance; facilitates communications among directors; assists in recruiting and retention of new Board members (with the Committee on Directors and Governance and the Chief Executive Officer); in conjunction with the Chairman and Committee on Directors and Governance, ensures that committee structure and committee assignments are appropriate and effective; works with the Committee on Directors and Governance to ensure outstanding governance processes; leads discussions regarding Chief Executive Officer performance, personal development and compensation; and, if requested by major stockholders of the Company, is available for consultation and direct communication with such stockholders. Additionally, the leadership and oversight of the Board s other independent directors continues to be strong, and further structural balance is provided by the Company s well-established corporate governance policies and practices, including its Corporate Governance Guidelines. Independent directors account for seven out of eight of the Board s members, and make up all of the members of the Board s Compensation and Human Resource Committee, Audit Committee and Committee on Directors and Governance. Additionally, among other things, the Board s non-employee directors meet regularly in executive session with only the non-employee directors present.

The Board has had several years of successful experience with this leadership structure in which the roles of Chairman and Chief Executive Officer are combined and an independent Lead Director is selected and, taking into account these factors, has determined that this leadership structure is most appropriate and effective for the Company at this time.

The Board s involvement in risk oversight includes receiving regular reports from members of senior management and evaluating areas of material risk to the Company, including operational, financial, legal and regulatory, strategic and reputational risks. The Audit Committee of the Board is responsible for overseeing the assessment of financial risk as well as general risk management programs. In carrying out this responsibility, the Audit Committee regularly evaluates the Company s risk identification, risk management and risk mitigation strategies and practices. The Audit Committee receives and reviews reports prepared by the Company s Enterprise Risk Management leader on an annual basis and provides a summary of this risk assessment to the Board. In general, the reports identify, analyze, prioritize and provide the status of major risks to the Company. In addition, the Compensation and Human Resource Committee of the Board regularly considers potential risks related to the Company s compensation programs as discussed below, and the Committee on Directors and Governance also considers risks within the context of its committee charter responsibilities, including legal and regulatory compliance risks. The Audit Committee, Compensation and Human Resource Committee and Committee on Directors and Governance each report at the next meeting of the Board all significant items discussed at each committee meeting, which includes a discussion of items relating to risk oversight. Finally, in 2011, the Company instituted an Executive Risk Committee comprised of members of senior management. The chair of the Company s Executive Risk Committee presents its findings annually to the Board. We believe the leadership structure of the Board effectively facilitates risk oversight by the Board as a result of (i) the role of the Board committees in risk identification and mitigation, (ii) the direct link between management and the Board achieved by having one leader serve as Chairman and Chief Executive Officer, and (iii) the role of our active independent Lead Director whose duties include ensuring the Board reviews and evaluates major risks to the Company, as well as measures proposed by management to mitigate such risks. These elements work together to ensure an appropriate focus on risk oversight.

Compensation Risk Assessment

The Company has historically maintained a prudent and appropriately risk-balanced approach to its incentive compensation programs to ensure that these programs promote the long-term interests of our stockholders and do not contribute to unnecessary risk-taking, and will continue to do so. The Compensation and Human Resource Committee of the Board of Directors (the CHRC Committee) evaluates whether the Company s executive and broad-based compensation programs contribute to unnecessary risk-taking to achieve above-target results and has concluded that the risks arising from these programs are not likely to be significant. The CHRC Committee directly engages its independent compensation consultant, Frederic W. Cook & Co., Inc. (FWC), to assist the CHRC Committee in its evaluation. In accordance with the CHRC Committee s direction, FWC performs a compensation risk assessment of the Company s executive and broad-based compensation programs and makes an independent report to the CHRC Committee. The last risk assessment from FWC was completed in 2011. At that time, FWC concluded that the Company s executive and broad-based compensation programs do not present any area of significant risk, noting that the plans are well-aligned with the CHRC Committee s compensation design principles. In 2012 and early 2013, the Company conducted its own compensation risk assessment of the incentive compensation programs and concluded that the Company s executive and broad-based compensation programs do not present any area of significant risk. The only significant changes to our compensation program since FWC s 2011 risk assessment was the adoption of the Economic Profit Plan, which the Company and FWC determined did not present an area of significant risk, and the continued transition of the vesting period of our performance-based restricted stock units to 44 months from 36 months.

Committees of the Board

NCR s Board of Directors has four standing committees: the Audit Committee, the Compensation and Human Resource Committee, the Committee on Directors and Governance and the Executive Committee. The Board has adopted a written charter for each such committee that sets forth the committee s mission, composition, and responsibilities. Each charter can be found under Corporate Governance on the About NCR page of NCR s website at http://www.ncr.com/about-ncr/corporate-governance.

The members of each committee as of the end of fiscal 2012 and the number of meetings held in fiscal 2012 are shown below:

Name	**Audit Committee**	**Compensation and Human Resource Committee**	**Committee on Directors and Governance**	**Executive Committee**
Edward (Pete) Boykin	X*		X	X
Richard L. Clemmer	X			
Gary J. Daichendt		X	X*	X
Robert P. DeRodes		X		
Kurt P. Kuehn	X			
Linda Fayne Levinson		X*	X	X
William R. Nuti				X*
Deanna W. Oppenheimer	X			
Number of meetings in 2012	13	8	4	0

*Chair

<u>Audit Committee</u>: The Audit Committee is the principal agent of the Board of Directors in overseeing: (i) the quality and integrity of the Company s financial statements; (ii) the assessment of financial risk and risk management programs; (iii) the independence, qualifications, engagement and performance of the Company s independent registered public accounting firm; (iv) the performance of the Company s internal auditors; (v) the integrity and adequacy of internal controls; and (vi) the quality and adequacy of disclosures to stockholders. The Audit Committee also:

- selects, evaluates, sets compensation for and, where appropriate, replaces the Company s independent registered public accounting firm;
- pre-approves all audit and non-audit services to be performed by the Company s independent registered public accounting firm;
- reviews and discusses with the Company s independent registered public accounting firm its services and quality control procedures and the Company s critical accounting policies and practices;
- regularly reviews the scope and results of audits performed by the Company s independent registered public accounting firm and internal auditors;
- prepares the report required by the SEC to be included in the Company s annual proxy statement;
- meets with management to review the adequacy of the Company s internal control framework and its financial, accounting, reporting and disclosure control processes;
- reviews the Company s periodic SEC filings and quarterly earnings releases;
- reviews and discusses with the Company s Chief Executive Officer and Chief Financial Officer the procedures they follow to complete their certifications in connection with NCR s periodic filings with the SEC;
- discusses management s plans with respect to the Company s major financial risk exposures;
- reviews the Company s compliance with legal and regulatory requirements; and
- reviews the effectiveness of the Internal Audit function, including compliance with the *Institute of Internal Auditors International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards.*

Each member of the Audit Committee is independent and financially literate as determined by the Board under applicable SEC and NYSE standards. In addition, the Board has determined that Messrs. Boykin, Clemmer and Kuehn and Ms. Oppenheimer are each an audit committee financial expert, as defined under SEC regulations. The Board has also determined that each member of the Audit Committee is independent based on independence standards set forth in the Board s Corporate Governance Guidelines, which meet, and in some cases exceed, the listing standards of the NYSE and the applicable rules of the SEC. No member of the Audit Committee may receive any compensation, consulting, advisory or other fee from the Company, other than Board compensation described below under the caption Director Compensation, as determined in accordance with applicable SEC and NYSE rules. Members serving on the Audit Committee are limited to serving on no more than two other audit committees of boards of directors of public companies, unless the Board evaluates and determines that these other commitments would not impair the member s effective service to the Company.

Compensation and Human Resource Committee: The CHRC Committee provides general oversight of the Company s management compensation philosophy and practices, benefit programs and strategic workforce initiatives and oversees the Company s leadership development plans. In doing so, the CHRC Committee reviews and approves the Company s total compensation goals, objectives and programs covering executive officers and key management employees as well as the competitiveness of NCR s total executive officer compensation practices. The CHRC Committee also:

evaluates and reviews the performance levels of the Company s executive officers and determines base salaries, equity awards, incentive awards and other compensation for such officers;

discusses its evaluation of, and determination of compensation to, the Chief Executive Officer at executive sessions of the Board of Directors;

reviews and recommends to the Board of Directors for its approval, the Company s executive compensation plans;

oversees the Company s compliance with compensation-related requirements of the SEC and NYSE rules;

reviews and approves employment, severance, change in control and similar agreements and arrangements for the Company s executive officers;

reviews management s proposals to make significant organizational changes or significant changes to existing executive officer compensation plans;

periodically assesses the risk associated with the Company s compensation programs; and

oversees the Company s plans for management succession and development.

The CHRC Committee may delegate its authority to the Company s Chief Executive Officer to make equity awards to individuals (other than executive officers) in limited instances.

The CHRC Committee is authorized to and has directly engaged its compensation consultant, FWC, to review the Company s long-term incentive program, the Stock Incentive Plan (which we refer to as the SIP), the Management Incentive Plan (which we refer to as the MIP), the Economic Profit Plan (which we refer to as the EPP) and other key programs related to the compensation of executive officers. As directed by the CHRC Committee, FWC: provides a competitive assessment of the Company s executive compensation programs relative to our compensation philosophy; reviews our compensation peer group companies; provides expert advice regarding compensation matters for our executive officers, including the Chief Executive Officer; provides information about competitive market rates; assists in the design of the variable incentive plans and the establishment of performance goals; assists in the design of other compensation programs and perquisites; assists with Section 162(m) and Section 409A compliance, disclosure matters, and other technical matters; and conducts a risk assessment of the Company s compensation programs and is readily available for consultation with this CHRC Committee and its members regarding such matters. The CHRC Committee has reviewed the independence of FWC in light of new SEC rules and proposed NYSE listing standards regarding compensation consultants and has concluded that FWC s work for the CHRC Committee is independent and does not raise any conflict of interest.

The Board of Directors has determined that each member of the CHRC Committee is independent based on independence standards set forth in the Board s Corporate Governance Guidelines, which meet, and in some cases exceed, the listing standards of the NYSE and the applicable rules of the SEC.

Committee on Directors and Governance: The Committee on Directors and Governance is responsible for reviewing the Board s corporate governance practices and procedures, including the review and approval of each related party transaction under the Company s Related Person Transaction Policy (unless the Committee on Directors and Governance determines that the approval or ratification of such transaction should be considered by all of the disinterested members of the Board of Directors), and the Company s ethics and compliance program, and:

establishes procedures for evaluating the performance of the Board and oversees such evaluation;

reviews and makes recommendations to the Board concerning director compensation; and

reviews the composition of the Board and the qualifications of persons identified as prospective directors, recommends the candidates to be nominated for election as directors, and, in the event of a vacancy on the Board, recommends any successors.

The Committee on Directors and Governance is authorized to engage consultants to review the Company s director compensation program.

The Board of Directors has determined that each member of the Committee on Directors and Governance is independent based on independence standards set forth in the Board s Corporate Governance Guidelines, which meet, and in some cases exceed, the listing standards of the NYSE and the applicable rules of the SEC.

Executive Committee: The Executive Committee has the authority to exercise all powers of the full Board of Directors, except those prohibited by applicable law, such as amending the Company s Bylaws or approving a merger that requires stockholder approval. The Executive Committee meets between regular Board meetings if urgent action is required.

Selection of Nominees for Directors

The Committee on Directors and Governance and our other directors are responsible for recommending nominees for membership to the Board of Directors. The director selection process is described in detail in the Board s Corporate Governance Guidelines. In determining candidates for nomination, the Committee on Directors and Governance will seek the input of the Chairman of the Board and the Chief Executive Officer, and, in the event the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the independent Lead Director, and will consider individuals recommended for Board membership by the Company s stockholders in accordance with the Company s Bylaws and applicable law.

The Board s Corporate Governance Guidelines include director qualification guidelines for directors standing for re-election and new candidates for membership on the Board. All candidates are evaluated by the Committee on Directors and Governance using these qualification guidelines. In accordance with the guidelines, as part of the selection process, the Committee on Directors and Governance examines candidates business skills and experience (including financial literacy), independence, demonstrated leadership, personal integrity, judgment, and ability to devote the appropriate amount of time and energy to serving the best interests of stockholders. The Committee on Directors and Governance also considers those other factors it may deem relevant, including the needs of the Board and other attributes of the candidate. In addition, although there is no specific policy on considering diversity, the Board and the Committee on Directors and Governance believe that Board membership should reflect diversity in its broadest sense, including persons diverse in geography, gender, ethnicity, experience, functional background and professional experience. The Board and the Committee on Directors and Governance are committed to finding proven leaders who are qualified to serve as NCR directors and may from time to time engage outside search firms to assist in identifying and contacting qualified candidates.

Stockholders wishing to recommend individuals for consideration as directors should contact the Committee on Directors and Governance by writing to the Company s Corporate Secretary at NCR Corporation, 3097 Satellite Boulevard, Duluth, Georgia 30096-5810. Recommendations by stockholders that are made in this manner will be evaluated in the same manner as other candidates. Stockholders who want to nominate directors for election at NCR s next annual meeting of stockholders must follow the procedures described in the Company s Bylaws, which are available under Corporate Governance on the About NCR page of NCR s website at http://www.ncr.com/about-ncr/corporate-governance. See Procedures for Stockholder Proposals and Nominations on page 90 of this proxy statement for further details regarding how to nominate directors.

The directors nominated by the Board of Directors for election at the 2013 Annual Meeting were recommended by the Committee on Directors and Governance for election at the 2013 Annual Meeting. All of the candidates for election are currently serving as directors of the Company and have been determined by the Board to be independent.

Communications with Directors

Stockholders or interested parties wishing to communicate directly with NCR s Board of Directors, the independent Lead Director or any other individual director, the Chairman of the Board, or NCR s independent directors as a group are welcome to do so by writing NCR s Corporate Secretary at NCR Corporation 3097 Satellite Boulevard, Duluth, Georgia 30096-5810. The Corporate Secretary will forward appropriate communications. Any matters reported by stockholders relating to NCR s accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee as appropriate. Anonymous and/or confidential communications with the Board of Directors may also be made by writing to this address. For more information on how to contact NCR s Board, please see the Company s Corporate Governance website at http://www.ncr.com/about-ncr/corporate-governance/contact-corporate-governance.

Code of Conduct

The Company has a Code of Conduct that sets the standard for ethics and compliance for all of its directors and employees. The Code of Conduct is available on the Company s Corporate Governance website at http://www.ncr.com/about-ncr/corporate-governance/code-of-conduct. To receive a copy of the Code of Conduct, please send a written request to the Corporate Secretary at the address provided above.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, the Company is required to report in this proxy statement any failure to file or late filing occurring during the fiscal year ended December 31, 2012. Based solely on a review of filings furnished to the Company and other information from reporting persons, the Company believes that all of these filing requirements were satisfied by its directors, officers, and 10% beneficial owners.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

NCR continues to strengthen and improve its practice of linking the total compensation of our Named Executive Officers (the NEOs) to the strategic and financial success of the Company. Our compensation philosophy requires that a significant portion of total compensation for our NEOs be aligned with our performance. We accomplish this by placing a large portion of our executives total compensation at risk and by requiring our executives to stretch for internal financial metrics annually that, if achieved, translate into shared value creation with our stockholders and as a result, significant rewards for executives who contributed to that outcome. Fiscal year 2012 was another year of strong results for the Company and continuing financial success for our stockholders and executives alike.

2012 Financial Highlights A Year of Historic Growth

Our revenue grew 8% to $5.73 billion;

Gross margin expansion of 190 basis points to 26.9%;

Software revenue growth of 35%, or $560M, including SaaS revenue growth of 124%;

Our Non-Pension Operating Income (NPOI) grew 22% to $588.9 million, our highest NPOI result for a single year;

Our annualized 3-year total return of 31.8% ranks first among our peer group, while our 2012 total shareholder return of 54.8% ranks second among our peer group;

Our year-end order backlog grew 11% from our 2011 year-end order backlog to $1.1 billion, our highest year-end order backlog ever; and

On November 28, 2012 we signed a definitive agreement to acquire Retalix Ltd. for approximately $800 million and successfully closed that transaction on February 6, 2013 to strengthen our position as a global leader in retail software and services and further our transformation strategy to a hardware-enabled, software-driven business model, delivering solutions that materially improve business processes while enabling seamless consumer experiences across touch points, locations, and channels.

The following charts demonstrate how our 2012 performance compares with our 2011 performance and how our stock price performance compares with the stock price performance of our peer group (the members of our peer group are set forth on page 26 of this proxy statement) and other major indices:

Summary of 2012 Committee Actions A Year of Pay-for-Performance Refinement

We amended one of the Long-Term Incentive (LTI) awards of our Chief Executive Officer (the CEO) to add a performance condition, so that a previously time-based award is now 100% at risk;

We adopted a policy that requires all future retention or promotional LTI awards for executive officers to have performance conditions in addition to any time-based restrictions so that they are 100% at risk;

We extended the total vesting period for all performance-based LTI awards (beginning with grants made in 2013) from 36 to 44 months so that these awards vest in October to maximize the impact of the retention value of the various incentive programs by staggering the vesting/payout throughout the year;

We revised the terms of LTI award agreements to provide more contemporary and competitive features with respect to treatment of equity upon certain separation events, eliminating any special vesting treatment previously associated with retirement; and

While performance against our internal annual incentive plan financial metrics resulted in an earned payout of 132.8% of target, the Compensation and Human Resource Committee (the Committee) and our CEO determined that since several key strategic goals fell short of expectations, the earned payout would be reduced to 75% of target (before adjustment for individual performance) and that the Customer Success results fell short of internal expectations.

Our Named Executive Officers

The Committee has the sole authority to make all compensation-related decisions for the Company s NEOs. This *Compensation Discussion and Analysis* (CD&A) discusses and analyzes compensation decisions for 2012 for the NEOs identified below. For additional information regarding the compensation of the NEOs, refer to the Executive Compensation tables, which begin on page 44 of this proxy statement. For 2012, the following executive officers are our NEOs:

Name	Executive Leadership Role
William R. Nuti	Chairman of the Board, Chief Executive Officer and President
Robert P. Fishman	Senior Vice President and Chief Financial Officer
Peter A. Leav	Executive Vice President and President, Industry and Field Operations
John G. Bruno	Executive Vice President and Chief Technology Officer
Peter A. Dorsman	Executive Vice President and Chief Quality Officer

Executive Compensation Philosophy and Key Components

NCR s compensation programs reward executives for achieving and exceeding the Company s strategic business and financial goals. This is accomplished by linking our executive s compensation to Company-wide metrics and to the operational results of those areas under the direct control of each member of our executive team. The Committee regularly evaluates our compensation programs to ensure they are consistent with the short-term and long-term goals of both the Company and our stockholders given the dynamic nature of our business and the market in which we compete for talent. In determining the compensation structure, the Committee considers:

Response to 2012 Say on Pay Vote. At the 2012 Annual Meeting, the Company s stockholders approved the compensation program for the NEOs with 79.4% of the votes cast. We believe this vote reflected stockholder confidence in the Committee s pay for performance philosophy and the absence of pay practices that stockholders consider in conflict with their best interests. Most decisions for our NEOs 2012 compensation program were determined by the Committee prior to receiving the results of our say on pay vote at the 2012 Annual Meeting. However, the Committee generally continued to apply the same principles in determining the amounts and types of executive compensation for 2012 as outlined below under 2012 Compensation Program Highlights . Following the 2012 Annual Meeting, the Committee took into account the affirmative stockholder vote on our say on pay proposal along with input solicited from our stockholders when determining subsequent compensation actions in 2012, and in refining our compensation programs and goal setting as part of the 2013 planning process, which the Committee first began to consider at its September 2012 regularly scheduled meeting.

Key Components of Executive Compensation. When establishing compensation levels for our NEOs, the Committee considers (i) the executive s role; (ii) an annual external market study conducted by an independent, third-party compensation consulting firm; and (iii) internal comparable compensation levels.

For each of our compensation programs the Committee approves the design features, performance levels, individual performance objectives and final awards for our NEOs.

Type	Compensation Component	Primary Purpose	How Determined/Award Levels
Fixed	Base Salary	Provides competitive fixed level of cash income	Committee approves based on role, position against the external market and internal comparable salary levels
Performance Based	Long-Term Incentive Plan	Promotes appropriate risk-taking Aligns executives and stockholders interests Motivates executives to build multi-year, stockholder value	Performance threshold of 20% return on capital must be achieved Performance award ranges are 0% to 150%
	Annual Incentive Plan	Aligns executives interests with a Company-wide financial metric Executive-specific objectives motivate our team to achieve goals within their areas of influence	NPOI performance threshold must be achieved Maximum award level as percentage of NPOI is 1.5% for the CEO and 0.75% for other NEOs Award Ranges ¡ Financial Metric: 0%-200% ¡ Individual Goals: 0%-150% ¡ Customer Success: 0% or 10%
	Economic Profit Plan	Links incentive compensation to long-term, sustainable stockholder value Retention of key executives	A predetermined percentage of economic profit is deposited into a bookkeeping account for each executive One-third of the account balance is eligible for annual vesting
Other Benefits	Health/Welfare Benefits	Provides financial security to executives in case of illness, disability, or death	Selection from options available to all employees depending on individual needs
	Retirement Benefits	Provides financial security to executives during their retirement	Selection of 401(k) contribution levels and investment elections from funds available to all employees
	Other Perquisites	Attracts and retains executive talent Allows executives to focus on their NCR roles	Executive Medical Program Financial Planning allowance Standard relocation benefits Limited CEO personal aircraft usage
	Claw Back Policy	Discourages excessive risk-taking	Committee determines if an NEO must repay any performance-based award
	Share Ownership Guidelines	Ensures that our executives maintain an equity stake in the Company at a level sufficient to align their interests with the interests of our stockholders	Ownership levels approved by the Committee Annual internal review of equity value as a percentage of year-end base salary

2012 Compensation Program Highlights. The Company s 2012 compensation program was consistent with its philosophy and objectives of paying for performance, aligning the interests of executives with the interests of stockholders, attracting and retaining executive talent, and adopting competitive, best-practice compensation programs that are appropriate for our Company. Specific examples of actions taken by the Company in 2012 to carry out this philosophy include:

· The Committee once again reinforced the Company s pay-for-performance philosophy by modifying the vesting terms of a special, one-time retention grant of restricted stock units approved by the Committee for our CEO in January 2011. The original grant provided for time-based vesting on a single date. However, the Committee, with our CEO s full support, elected to include a performance-based vesting component so that the award is now 100% at risk.

Vesting of the award is now conditioned upon:

¡ The Company achieving a pre-determined 2013 Non-Pension Operating Income after Capital Charge (NPOICC) goal as established by the Committee for the 2013 fiscal year;

¡ The Company achieving total stockholder return that equals or exceeds the median total stockholder return of NCR s defined peer group for the two-year period of January 1, 2012 through December 31, 2013; and

¡ The CEO s continued employment through the vesting date.

If these time and performance-based conditions are met, the award will vest 100% on February 7, 2014. However, if these conditions are not met, the award will be forfeited completely with no payout.

· With regard to the Company s performance-based LTI awards granted under our 2011 Amended and Restated Stock Incentive Plan (the SIP), the Committee approved management s proposal to maintain the performance period of two years while extending the total vesting period from 36 months to 44 months (this extension will be effective beginning in 2013 for grants made in 2013). The Company and the Committee believe that staggering the vesting/payout events of our incentive awards more evenly throughout the year enhances the retention value of our incentive programs by placing a more consistent value at risk throughout the year.

Incentive Award Element	**Payout Timing**
Time-based Restricted Stock Unit Vesting	February/March
Annual Bonus Plan/MIP Payout	March
Economic Profit Plan Payout	August
Performance-based Restricted Stock Unit Vesting	October

· We established aggressive operating performance goals for 2012 awards granted under our 2011 Amended and Restated NCR Management Incentive Plan (MIP), and for the performance-based LTI awards under the 2011 Stock Incentive Plan (SIP).

· We modified the terms of our long-term incentive awards granted under the SIP to eliminate the concept of retirement as a separation event that results in any special/prorated vesting.

Best Practices. In addition to assuring that a majority of our NEO s compensation is at risk , the Company maintains policies to further strengthen the alignment of interests between our executive compensation practices and our stockholders. Some of these practices include:

- Instituting challenging performance goals that are approved by the Committee, and, for our performance-based LTI awards under the SIP and EPP, a threshold financial metric (in addition to the performance goals);

Engaging an independent consulting firm to conduct an annual compensation study that assists the Committee in their evaluation of appropriate compensation levels and pay mix for our NEOs;

Implementing aggressive stock ownership guidelines for our executives and requiring that all NEO stock transactions be conducted solely through a pre-approved 10b5-1 plan that requires among other things a 60-day waiting period between the filing of the 10b5-1 and any transaction. The Company also looks to assure that our NEOs will continue to meet their ownership guidelines following any transaction;

Eliminating excise tax gross-ups for new participants in the Company s Change in Control Severance Policy and on any perquisites other than standard relocation benefits;

Continuing the ability of the Committee to exercise negative discretion when determining payouts under our variable compensation programs;

Implementing an Economic Profit Plan that rewards our executives for enhancing the value of our business;

Eliminating retirement as a unique separation event that entitled the employee to special vesting considerations under the SIP;

Maintaining a strong claw back policy; and

Prohibiting the repricing of stock options without approval from our stockholders.

Pay for Performance Highlights. The portion of at risk compensation for our senior executives increases directly with the executive s role and responsibility within the Company, ensuring our senior officers are held most accountable to our stockholders. As shown below, a very significant portion (90%) of our CEO s target total compensation pay mix is directly linked to the performance of the Company through quantitative internal performance metrics and qualitative goals that support the strategy of the organization and are approved each year by the Committee. This is generally consistent with the pay mix of CEOs in our peer group. The percentage of pay at risk for our other NEOs (78%) is also generally consistent with the pay mix of other NEOs in our peer group.

2012 Target Total Direct Compensation Pay Mix:

NCR CEO Target Pay Mix	Peer Group CEO Target Pay Mix
NCR Other NEOs Target Pay Mix	**Peer Group Other NEOs Target Pay Mix**

Performance-Based vs. Fixed Pay Mix at Target: For our CEO and our other NEOs, the ratio between performance-based pay (including performance-based equity, stock options and cash incentive compensation) and fixed pay (base salary and time-vested equity) is consistent with the pay mix of other CEOs and NEOs in our peer group. We strongly believe that it is this alignment between our executives and shareholders interests that helps to drive our relative total shareholder return results presented earlier.

NCR CEO At-Risk vs. Fixed Pay	Peer Group CEO At-Risk vs. Fixed Pay

NCR Other NEOs At-Risk vs. Fixed Pay	Peer Group Other NEOs At-Risk vs. Fixed Pay

Granted vs. Realizable Compensation. Since such a significant portion of the compensation of our NEOs is performance-based and is considered to be at risk , we review the granted vs. the realizable compensation levels of our CEO and our other NEOs to track the alignment and effectiveness of our pay-for-performance executive compensation design. To complete this analysis, we compare the value of the targeted compensation levels at grant to the value of the realizable compensation levels each calendar year as a result of the performance of the organization in achieving its short and long-term goals and the year-end price of the Company s stock. By way of example, the following table, which is different than our Summary Compensation Table on page 44 of this proxy statement, shows the granted vs. realizable compensation for the CEO for the previous three fiscal years:

	Compensation Granted[1] ($millions)				Compensation Realizable[2] ($millions)				
Year	Base	Target Bonus	LTI	Total	Base	Actual Bonus	LTI	Total	CEO Compensation Realizable vs. Granted
2012	$ 1.0	$ 1.5	$ 7.6	$ 10.1	$ 1.0	$ 1.1	$ 9.4	$ 11.5	115%
2011	$ 1.0	$ 1.5	$ 7.9	$ 10.4	$ 1.0	$ 2.7	$ 12.1	$ 15.8	152%
2010	$ 1.0	$ 1.5	$ 9.5	$ 12.0	$ 1.0	$ 1.5	$ 23.5	$ 26.0	217%

(1) Compensation Granted includes: base salary, target annual incentive, grant date fair market value of all equity awards, plus the EPP payment to be made in the following calendar year. The 2011 granted LTI amount was revised from last year s proxy statement to include the value of the EPP payment to be made in 2012.

(2) Compensation Realizable includes: base salary, actual bonus received, the fair market value of outstanding awards as of December 31, 2012, and the EPP payment to be made the following August. The 2010 and 2011 annual performance-based LTI awards granted on February 23, 2010 and February 22, 2011, respectively, are currently reflected at maximum (150% payout earned). The 2012 annual performance-based LTI award granted on February 28, 2012 is currently reflected at 127.8% of target, subject to 2013 actual results.

A comparison of our CEO s realizable compensation to the performance of the Company is summarized below:

	CEO Compensation Realizable/Earned				Company Performance	
Year	Compensation Realizable vs. Granted	Bonus Payout Earned	Performance LTI Award Earned(1)	NPOICC Results	NCR 1-Year Total Shareholder Return (TSR)(2)	NCR 1-Year TSR Percentile Rank for Peer Group(2)
2012	115%	70%	127.8%	$488.5M	55%	95%
2011	152%	179%	150%	$297.2M	7%	96%
2010	217%	100%	150%	$229.0M	38%	88%

(1) The 2010 and 2011 annual performance-based LTI awards granted on February 23, 2010 and February 22, 2011, respectively, are currently reflected at maximum (150% payout earned). The 2012 annual performance-based LTI award granted on February 28, 2012 is currently reflected at 127.8% of target, subject to 2013 actual results.

(2) The TSR Percentile Rank measurement is from year end to year end.

The strong correlation between the compensation realizable by our CEO over the past three years and our performance, as measured by total shareholder return, demonstrates that our pay for performance compensation philosophy achieves the stated objective of linking our CEO s compensation to our performance.

Role of Compensation Consultant. The Committee considers advice and recommendations received from its independent compensation consultant, Frederic W. Cook & Co., Inc. (FWC) in making executive compensation decisions. FWC is independent of the Company s management, reports directly to the Committee, and has no economic relationships with the Company other than its role advising the Committee. Representatives of FWC attended all Committee meetings in 2012. Our CEO is not present during discussions between the Committee and FWC regarding the CEO s compensation and has not been provided a copy of any FWC reports on the CEO s compensation.

Independence of the Compensation Consultant. In 2012, the Committee considered the independence of FWC in light of new SEC rules and proposed NYSE listing standards. The Committee requested and received a letter from FWC addressing the consulting firm s independence, including the following factors: (i) other services provided to the Company by FWC; (ii) fees paid by the Company as a percentage of FWC s total revenue; (iii) policies or procedures maintained by FWC that are designed to prevent a conflict of interest; (iv) any business or personal relationships between the individual consultants from FWC involved in the engagement and a member of the Committee; (v) any Company stock owned by the individual consultants of FWC involved in the engagement; and (vi) any business or personal relationships between our executive officers and FWC or the individual consultants involved in the engagement. The Committee concluded that FWC s work for the Committee is independent and does not raise a conflict of interest.

Role of Company Executives. The Committee also considers recommendations from our CEO and our Senior Vice President and Chief Human Resources Officer when designing our executive compensation programs, establishing goals for both LTI and annual awards, and making executive compensation decisions for executives other than our CEO. Our CEO attends each Committee meeting and participates in the general discussion at those meetings. However, neither the CEO nor any member of management provides any recommendations, nor do they participate in any discussions with the Committee, with respect to the CEO s compensation.

External Analysis Peer Group Analysis and Market Surveys. We use several methods to examine the various elements of our executive compensation program to determine the competitive market and to understand current compensation practices. In general, the Committee considers the median of the peer group data described below when establishing base salary, annual incentive and long-term incentive opportunities. The Committee retains the flexibility to make adjustments in order to respond to market conditions, promotions, individual performance and internal equity. The Committee also reviews broad-based survey data prepared by FWC and also considers key business decisions that can impact compensation.

Compensation Peer Group. FWC annually develops and presents a recommended peer group that is approved by the Committee. This independent analysis typically includes an examination of the cash and equity elements of compensation for the five most highly compensated executives in each peer company and a comparison of the Company s similarly ranked NEOs to the 25th, 50th and 75th percentiles of the peer group. The analysis also includes comprehensive modeling of long-term incentive costs and resulting levels of stockholder value transfer and dilution, which the Committee considers when developing the aggregate annual budget for equity compensation awards.

The unique combination of industries represented by our core business creates challenges in identifying comparable companies for executive compensation analysis. We select our peer group by examining other companies in terms of industry, size and recruiting in our GICS (Global Industry Classification Standard) industry group that are of reasonably similar size based on annual revenue, market capitalization, operating income and number of employees. In addition, we look at variances to these metrics based on unique circumstances (for example, the impact of pension income and/or expense). We also consider other companies outside our GICS industry group with which we compete for talent.

We review our peer group at least once per year to ensure it continues to reflect the parameters originally outlined. The compensation peer group analyzed in setting 2012 executive compensation consisted of the companies listed below. We believe that the size of these companies, as measured by several metrics, makes them appropriate peers. For 2012, the following changes were made: (1) EMC Corporation was removed because its revenue and market capitalization were significantly higher than that of NCR; (2) Imation Corp. and Tellabs, Inc. were removed since both companies were below typical size range and focused generally on the hardware component of the industry; and (3) Fidelity National Information Services and Science Applications International Corporation (SAIC) were both added as they are software/services companies of comparable size to NCR. For 2013 compensation decisions the peer group remained the same.

NCR s Compensation Peer Group for 2012

Agilent Technologies Inc.	Diebold, Inc.	DST Systems, Inc.	Fidelity National Information Services
Fiserv, Inc.	Harris Corp.	Juniper Networks, Inc.	Lexmark International, Inc.
Logitech International SA	NetApp, Inc.	Pitney Bowes, Inc.	SAIC
SanDisk Corp.	Seagate Technology	Symantec Corp.	Western Digital Corp.

Market Surveys. FWC prepared a comprehensive analysis and assessment of the competitive position of the compensation pay mix and pay levels for our executives relative to the marketplace using a combination of proxy data from our peer group and general market data provided to FWC by the Company. Market survey data includes surveys concentrated on companies in both general and high-tech industries, which encompasses the Company s competitors and non-competitors. The broad-based surveys are global in nature which enables us to obtain salary structure market data in numerous countries under a consistent methodology to understand market trends and practices. The three surveys utilized were Towers Watson Compensation Data Base (CDB) High-Tech Executive Database; Hewitt Total Compensation Management Executive Survey; and Radford Global Technology Survey. The surveys covered participating companies with a revenue range of $3 billion to either $7 or $10 billion, depending on the survey. The Committee considers market median levels when setting compensation levels, but retains the flexibility to set compensation above or below the median based on individual considerations. FWC considers the following market survey positions when evaluating the compensation levels of our NEOs:

	2012 Compensation Benchmark and Weighting	
Name	**Peer Group Proxy Data**	**General Survey Data**
William R. Nuti	Chief Executive Officer (100%)	Not Applicable
Robert P. Fishman	Chief Financial Officer (75%)	Chief Financial Officer (25%)
Peter A. Leav	2nd Highest Paid (50%)	Top Sales Role (50%)
John G. Bruno	3rd Highest Paid (50%)	Chief Technology Officer (50%)
Peter A. Dorsman	4th Highest Paid (50%)	Sector Head (50%)

Internal Analysis Tally Sheets and Internal Equity. In addition to reviewing the market data described above, the Committee also reviews various internal analyses described below.

Tally Sheets. At each regular Committee meeting considering compensation changes, the Committee reviews comprehensive tally sheets that show the total compensation opportunity provided to each executive. The tally sheets allow the Committee to review the degree to which historic, current and projected compensation, including unvested equity awards and separation benefits, support the Company s pay-for-performance philosophy and retention objectives. The Committee uses the data in the tally sheets to gauge actual and projected wealth accumulation levels. The tally sheets are also used to compare year-over-year compensation as part of the process of establishing competitive compensation levels for the following year.

Internal Equity. In addition to tally sheets, management prepares an overview of each executive s base salary, annual incentive targets, and long-term incentive targets in comparison to internal peers. To maintain a fair balance throughout the executive level of the organization, we strive to ensure a level of consistency in compensation with differences based on the degree of judgment and strategic nature of the role of the executive, as well as each executive s individual performance, as measured both objectively and subjectively. For 2012, the total target direct compensation (base salary, target annual bonus award, target long-term incentive award excluding the EPP) of our CEO was 3.1 times the total target direct compensation of the next highest-paid NEO. The Committee considers this an appropriate ratio, taking into account our CEO s overall leadership responsibility, the competitive market rate of compensation for CEO talent, the strategic nature of the CEO position as the senior executive leading the organization, the extent and scope of his responsibilities, his performance, and his additional role as Chairman of the Board of Directors.

Details on 2012 Executive Compensation

Annual Base Salary. We attempt to set base salaries at a level competitive with our peer group. By doing so, we are able to attract and retain top quality executive talent and ensure that our overall fixed costs are kept at a reasonable level. The Committee reviewed and approved the following base salary actions during 2012:

Summary of 2012 Base Salary Actions and Rationale

Name	Base Salary on January 1, 2012	Base Salary Increase %	Effective Date of Recent Base Salary Action	Base Salary on December 31, 2012	Rationale for Base Salary Action
William R. Nuti	$1,000,000		August 8, 2005	$1,000,000	No change Competitive
Robert P. Fishman	$450,000	+11.1%	February 20, 2012	$500,000	Competitive Position and Individual Performance
Peter A. Leav	$550,000		November 1, 2011	$550,000	No change Competitive
John G. Bruno	$750,000		November 29, 2008	$750,000	No change Competitive
Peter A. Dorsman	$550,000		November 1, 2011	$550,000	No change Competitive

Robert Fishman s Base Salary Action. The increase to Mr. Fishman s base salary in 2012 is part of an adjustment to align Mr. Fishman s pay to the market median and was taken to improve the competitive position of his total target compensation based on his performance.

Annual Incentive Plan

<u>*Management Incentive Plan (MIP) and Customer Success Bonus Description.*</u> The total annual bonus opportunity for our NEOs is comprised of two components: the MIP (which is based on a core financial objective that is multiplied by an individual performance modifier) and the Customer Success bonus. Awards are determined in the following manner:

Total Annual Bonus Opportunity

Management Incentive Plan (MIP)						Customer Success Bonus		
Target Bonus %	x	Core Financial Objective (Range: 0% - 200%)	x	Individual Performance Modifier (Range: 0% - 150%)	+	Payout Linked to Company s Overall Customer Success Survey Results (Range: 0% or 10%)	=	**Total Annual Bonus Opportunity**

At the beginning of the performance year, the Committee establishes a total target bonus for each NEO as a percentage of his base salary. This total target bonus is comprised of two components: (1) a MIP target bonus that is comprised of a target that is then multiplied by a

Company-wide financial performance goal factor (the Core Financial Objective) and, a modifier based on the applicable NEO s individual performance goals (MBOs) and (ii) a Customer Success target bonus.

2012 Management Incentive Plan Threshold and Cap. Before any MIP award was payable for 2012, the Company had to achieve a threshold NPOI of $550 million. This performance level is 65% greater than the 2011 threshold NPOI of $333 million and 35% greater than the Company s actual 2011 NPOI of $407 million. This challenging benchmark for MIP eligibility demonstrates that our NEOs were required to significantly further improve the Company s performance as a condition of receiving the MIP portion of their annual bonus. The annual bonus produced by the application of the formula described above is also subject to a cap based on the Company s performance. The maximum annual bonus opportunity for the CEO is 1.5% of NPOI. Our other NEOs have a maximum annual bonus opportunity of 0.75% of NPOI.

Core Financial Objective. As discussed below under 2012 Core Financial Objective Calculations , the Committee established the Core Financial Objective for 2012 based on NPOICC. The Committee approves threshold, target and maximum levels for NPOICC, which, if achieved, would result in a preliminary determination of the MIP bonus at 25%, 100% or 200% of the MIP target bonus, respectively. Awards are interpolated between these levels. The actual payout can be reduced, but not increased, at the discretion of the Committee.

Individual Performance Modifier. The Committee establishes individual performance goals (MBOs), for the CEO and in conjunction with the CEO for each other NEO, which are discussed below under the 2012 NEO Management by Objectives . These individual objectives are assigned to our NEOs based on their area of influence and objectives that, if achieved, would be critical for the Company to achieve its overall financial and strategic goals. Based on the extent to which an individual NEO satisfies his MBOs, the Committee determines an individual performance modifier that is used to increase or decrease the amount of the preliminary MIP bonus as determined by the Company performance factor. The individual performance modifier can range from 0% for poor performance to 150% for exceptional performance.

Customer Success Bonus. Because of the critical importance of client retention, client referrals and client relationships, the Customer Success bonus is retained as a separate component of the annual bonus with its own separate award structure. The Customer Success objective is linked to a bi-annual survey of customers conducted by an independent third party where the actual payout is determined at the discretion of the Committee for the CEO and at the discretion of the CEO for the other NEOs.

For 2012, the Committee established incentive targets for the participants in the MIP based on peer group data and positioning within the senior leadership team. The 2012 target annual MIP opportunities for our NEOs were:

Summary of the Management Incentive Plan (MIP) Total Bonus Opportunity for 2012

Name	**MIP Bonus Target (as % of base salary)**	**Customer Success Target (as % of base salary)**	**Total 2012 MIP Target (as % of base salary)**	**Total Annual Bonus Opportunity (as % of base salary)**
William R. Nuti	140%	10%	150%	0% to 430%
Robert P. Fishman	100%	10%	110%	0% to 310%
Peter A. Leav	100%	10%	110%	0% to 310%
John G. Bruno	100%	10%	110%	0% to 310%
Peter A. Dorsman	100%	10%	110%	0% to 310%

By way of illustration, in the case of the CEO, if the Core Financial Objective had been met at the maximum level, this could have generated a preliminary MIP bonus of 280% (200% of his 140% target bonus). If he had achieved the maximum individual performance modifier of 150%, his bonus could have become 420% (150% of his preliminary MIP bonus of 280%). If the Customer Success objective (10%) also had been met, his total bonus under the MIP could have been 430% of his base salary.

2012 Core Financial Objective Calculations. We use NPOICC as the Core Financial Objective because it

reflects our highest business imperative driving growth in profit by increasing revenue and controlling operating costs;

is balanced with driving a strong focus on asset utilization, working capital and cash flow;

is simple to calculate and easily understood by both employees and stockholders;

is a measure that we can track throughout the year; and

is a critical measure investors use to gauge our execution of annual operations.

NPOICC is comprised of two separate metrics: NPOICC = NPOI Capital Charge.

- NPOI is our income (loss) from operations as reported under generally accepted accounting principles, excluding the impact of our pension expense and special items.

- Capital Charge is our controllable capital multiplied by 10%, which represents our 2012 annual weighted average cost of capital (WACC)

- Controllable Capital is our working capital (accounts receivable plus inventory, minus the sum of accounts payable, deferred revenue and customer deposits), plus the sum of property, plant and equipment, other current assets excluding taxes, and capitalized software, minus the sum of accrued payroll and employee benefits liabilities and other current liabilities, excluding taxes and severance.

- WACC is defined as the sum of:

  a) the product of (i) the cost of equity, and (ii) the weighted market value of the Company s common shares outstanding, and

  b) the product of (i) the cost of debt, and (ii) the weighted market value of the Company s long-term and short-term debt.

We exclude the impact of our pension expense and special items since they do not directly relate to an NEO s performance or the Company s operational success. We take into consideration capital charges for the year, because these charges represent our cost of capital as used in our operations and corporate activities. By incorporating capital charges into the performance measure, we are able to ensure the NEOs consider the short and long-term impact of their decisions. The long-term impact is based on charging a cost of capital for long-term assets to reflect our investors assumed expected return on equity capital. The short-term financial consequence is based on the charge associated with working capital items such as accounts receivable, inventory and other current assets. As a result, we expect the Core Financial Objective to motivate the NEOs to prudently manage our assets as they work to increase revenue and lower operating costs.

The Committee established the 2012 NPOICC Core Financial Objective for threshold, target and maximum performance at $440 million, $460 million and $540 million, respectively. These levels are substantially greater than the threshold, target and maximum performance levels established for 2011, which were $235 million, $270 million and $315 million, respectively. The 2012 threshold NPOICC goal represented a 48% increase over the 2011 actual NPOICC of $297 million, which again aligns the financial performance of our variable pay plans to outstanding results that must be delivered for stockholders.

2012 NEO Individual Performance Modifier. The Committee established multiple MBOs for each participating NEO as described below. These MBOs were selected because they directly complement our corporate strategic goals of:

- Revenue growth;
- Margin expansion;
- Driving customer success;
- Becoming a hardware-enabled, software-driven business;
- Taking advantage of our core competencies and our core assets;
- Furthering our strategy to grow into market adjacencies and continue to improve the revenue mix with a higher percentage of software and services; and
- Disruptive innovation.

2012 MIP Performance Results and Payouts. The following is a summary of the MIP results and the incentive award payouts approved for each participating NEO for the 2012 performance year. NPOI for the year was $588.9 million, which exceeded the threshold NPOI objective of $550.0 million for the 2012 performance year that was a condition to any payout under the MIP. While performance against our internal annual incentive plan financial metrics resulted in an earned payout of 132.8% of target, the Committee and our CEO determined that since several key strategic goals fell short of expectations, the earned payout would be reduced to 75% of target (before adjustment for individual performance).

Summary of the Management Incentive Plan (MIP) Performance Objectives for 2012

	2012 Performance Objectives				
	Threshold	**Target**	**Maximum**		
MIP Discretionary Objectives	*(25% funded)*	*(100% funded)*	*(200% funded)*	**2012 Performance Results**	**2012 MIP Payout Funded**
Core Financial Objective	$440.0M	$460.0M	$540.0M	NPOI Results $588.9M -Capital Charge ($102.7M) NPOICC Results $486.2M	Calculated at 132.8% of target (Funded at 75.0% of target)
Customer Success Objective	Payout linked to the Company s overall Customer Satisfaction			Below Expectations	0%

Following is a summary of the MBOs established by the Committee and the MIP payouts approved for each participating NEO for the 2012 performance year.

William Nuti s 2012 Objectives:

Successful strategic repositioning and corporate transformation as reflected in increased market share, quality of revenue and earnings, increased geographic diversification, capital efficiency and increased stockholder return.

Since the MIP funding was reduced to 75% and the Customer Success bonus was not awarded, Mr. Nuti communicated to the Committee that any adjustment to his MBO over 100% would be inappropriate. Although the Committee determined that Mr. Nuti s 2012 individual performance modifier deserved to be above 100% because of the outstanding leadership he demonstrated throughout the year and the financial results that his leadership helped produce, the Committee established Mr. Nuti s individual performance modifier at 100%, as opposed to making a determination based on his individual performance relative to achievement of his stated 2012 MBOs (summarized below).

Strategic execution
Strong financial performance
Shareholder value creation
Successful margin expansion
Capital structure strategy/pension strategy
Risk management
Acquisition integration
Executive talent development

Robert Fishman s 2012 Objectives:

Days Receivables/Billing Outstanding
Loss on Account Receivables
Labor Cost Management
Forecast Accuracy
Free Cash Flow Plan
Continuous Improvement Target
Enterprise Business Initiative Execution
Radiant revenue, synergies, customer success

The Committee determined that Mr. Fishman s 2012 individual performance modifier is 115% to reflect his individual performance relative to achievement of his stated 2012 MBOs. This determination was based on the following performance factors: exceeded his Continuous Improvement target; achieved the targets on the Free Cash Flow Plan and achieved target performance on most other objectives, except the target of days receivables/billing outstanding

Peter Leav s 2012 Objectives:

Direct Quota-carrying Headcount
Book to Bill Target

Hospitality Revenue/Operating Income
Expense Management
Sales Productivity
Consumables Gross Margin
Software Revenue Plan
Global Gross Margin
Orders and Backlog Growth
Forecast Accuracy

The Committee determined that Mr. Leav s 2012 individual performance modifier is 85% to reflect his individual performance relative to achievement of his stated 2012 MBOs. This determination was based on the following performance factors: consistently achieved on most objectives throughout the year. There was performance below expectations in the areas of consistent forecast accuracy, achieving the software revenue plan and the Consumables gross margin.

John Bruno s 2012 Objectives:

Research and Development
Labor Cost Management
Radiant revenue, synergies, customer success
Cost Reduction Value Engineering (CRVE)
Merger and Acquisition Execution
Software Revenue Plan
Forecast Accuracy

The Committee determined that Mr. Bruno s 2012 individual performance modifier is 60% to reflect his individual performance relative to achievement of his stated 2012 MBOs. This determination was based on the following performance factors: consistently achieved on objectives throughout the year. There was performance below expectations in the research and development roadmap execution and the software revenue plan.

Peter Dorsman s 2012 Objectives:

Cost Reduction Value Engineering (CRVE)
Continuous Improvement Target
Labor Cost Management
Radiant revenue, synergies, customer success
Inventory Expense
Quality
Gross Margin Rate
Financial/Retail/Travel orders
Forecast Accuracy

The Committee determined that Mr. Dorsman s 2012 individual performance modifier is 100% to reflect his individual performance relative to achievement of his stated 2012 MBOs. This determination was based on the following performance factors: consistently achieved on his objectives throughout the year.

The following is a summary of the total annual bonus payments approved for each participating NEO for the 2012 performance year.

Summary of Management Incentive Plan (MIP) Participation and Payout for 2012

Name	2012 Target MIP	MIP Payout Earned as % of Target	Funded MIP Payout (Before IPM)(1)	Individual Performance Modifier	MIP Payout (After IPM)	Customer Success Payout (10% Target)	Total Bonus Payout
William R. Nuti	$1,400,000	75%	$1,050,000	100%	$1,050,000	$0	$1,050,000
Robert P. Fishman	$500,000	75%	$375,000	115%	$431,250	$0	$431,250
Peter A. Leav	$550,000	75%	$412,500	85%	$350,625	$0	$350,625
John G. Bruno	$750,000	75%	$562,500	60%	$337,500	$0	$337,500
Peter A. Dorsman	$550,000	75%	$412,500	100%	$412,500	$0	$412,500

(1) Funded MIP was decreased from 132.8% of target to 75% of target.

Annual Long-Term Incentive Plan Our LTI program ensures that a large portion of total compensation for executives is directly aligned with Company performance and changes in stockholder value. Awards can be made in cash or Company stock with performance-based or time-based vesting and a minimum three-year vesting schedule. LTI awards are made under the SIP, and the EPP.

Equity Award Grant Process. All equity awards granted as part of annual total compensation for executive officers and other employees are made on specific cycle dates, typically in February, and are approved in advance by the Committee. In addition to annual LTI grants, we also make ad hoc equity award grants to new hires, in connection with promotions, or for retention purposes, generally on the first day of the month following approval of the award. Ad hoc equity awards made to our Section 16 Officers must be approved in advance by the Committee. Ad hoc equity awards for all employees other than Section 16 Officers are approved by our CEO and, in the case of ad hoc equity awards with a value of over $250,000, also by the Senior Vice President and Chief Human Resources Officer. An annual ad hoc award budget and any grants of equity awards made pursuant to this delegation are reviewed annually with the Committee.

The number of shares of restricted stock, restricted stock units or options granted is determined by converting the dollar value approved by the Committee into a specific number of shares. Beginning in 2012, the number of shares of restricted stock or restricted stock units and the number of stock options is determined based on the closing price of NCR common stock on the date of grant. The exercise price for stock option awards is the closing price of NCR common stock on the date of grant. For grants awarded prior to 2012 the number of shares of restricted stock and restricted stock units, the approved dollar value was divided by the average of the closing price of NCR common stock for the 20 trading days preceding the grant date. In the case of options, the approved dollar value was divided by the average of the closing price of NCR common stock for the 20 trading days preceding the grant date and then divided by the current year s Black-Scholes valuation factor.

2012 Annual LTI Equity Awards. The use of equity for our long-term incentive plan links our executives and stockholders to a common goal: sustainable stockholder value creation. The combination of performance-based shares, which create commonality of interests with stockholders, and time-based shares, which helps manage our ability to retain our key executives, provides a good balance to our executives and protection to our stockholders since wealth creation can be realizable by an executive only when both long-term performance goals and time-based milestones are achieved.

Target Award Levels. The Committee annually approves a budget for the aggregate long-term incentives to be granted on a Company-wide basis. The accounting expense, stockholder dilution, percentage of shares allocated to the Company s long-term incentive program and the Company s usage of allocated shares to the long-term incentive program are all factors in the Committee s budget decision. In respect to long-term incentive awards to executive officers, the Committee determines the appropriate level of award for each position based on external market data and internal comparisons in order to meet the competitive market for that position, reserving a portion of the total share pool for new hires and promotions that may occur during the year.

Award Mix. The 2012 annual equity award mix is 75% performance-based restricted stock units and 25% time-based restricted stock units. This mix is consistent with our objective of keeping a significant portion of our variable compensation as performance-based and aligned with stockholder interests, while balancing the need to maintain a certain level of retention through time-based milestones.

Time-based Awards. Time-based restricted stock units awarded in 2012 vest 100% on February 28, 2015. These equity awards are subject to the executive s continued employment with the Company on the vesting date along with certain other rules in the event of death, disability, termination without cause, termination for good reason and change in control. These provisions are described in the *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

Performance-based Awards. Performance-based restricted stock units awarded in 2012 have a two-year performance period with NPOICC as the performance metric. However, the Company must achieve a 2012 return on capital (ROC) performance threshold of 20% before any performance-based restricted stock units can be earned. ROC is calculated by dividing NPOI by Controllable Capital, which represents the working capital that the management team has deployed at any given time. A 20% ROC performance threshold is a significant threshold that ensures no performance-based restricted stock units can be earned if the Company does not generate enough ROC during the performance period to sustain and grow the business. This practice serves to mitigate risk in a challenging year and also protects the interests of our stockholders.

Award Levels. The maximum share award for performance-based restricted stock units is 150% of the target award level. The calculation of the number of shares earned is based on NPOICC. The 2012 performance-based LTI award will be adjusted based on achievement of the actual 2012 NPOICC compared to target. If the payout earned for 2012 is less than 100% of the target award level, this result is interpolated between 25% and

100% of target and becomes the actual award payout that is subject to the time-based vesting requirement that commences following the 2013 performance period. If the payout earned for 2012 is greater than 100% of the target award level, the Company must also achieve NPOICC results for 2013 at least equal to the 2012 NPOICC target to retain the above-target award payout level. If the actual 2013 NPOICC is less than the 2012 target NPOICC, the actual award is reduced to the target award payout level. This two-year performance period structure ensures that if an above-target payout is earned in year one, target results must also be sustained during year two of the performance period in order to protect any above target payout.

Vesting. Any 2012 performance-based restricted stock unit payout earned following the end of the two-year performance period in 2013 will vest 50% on February 28, 2015 and 50% on October 28, 2015. Beginning with awards granted in 2013, any performance-based restricted stock units earned will vest 44 months after the grant date. All of our equity awards are subject to the executive s continued employment with the Company on the vesting date along with certain other rules in the event of death, disability, termination without cause, termination for good reason and change in control. These provisions are described in the *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

2012 Results. The NPOICC result achieved for 2012 was $486.2 million. For our 2011 performance-based restricted stock unit award, the 2011 NPOICC of $297.2 million resulted in a preliminary award of 150% of target. Since the 2012 NPOICC of $486.2 million exceeded the 2011 target NPOICC of $250 million, the performance-based awards granted on February 22, 2011 will be awarded at 150% of target and will vest on March 3, 2014. For our 2012 performance-based restricted stock unit award, the 2012 NPOICC resulted in an earned payout of 127.8% of the target number of performance shares granted on February 28, 2012. Provided that the 2013 NPOICC results achieved are greater than or equal to the 2012 NPOICC target of $450 million, the 2012 performance-based restricted stock units earned will be 127.8% of target and will vest 50% on February 28, 2015 and 50% on October 28, 2015.

Below is a historical view of how the Company has paid out on the annual performance-based restricted stock units awards granted.

Annual LTI Award Performance Goals, Results and Payouts

LTI Award Year	Annual LTI Award Performance Period	Annual LTI Performance Range (NPOICC)	Return on Capital Results	NPOICC Results	LTI Final Payout[1]
2012	1/1/2012 to 12/31/2013	$420.0M to $515.0M	58.5%	$486.2M	127.8% or 100.0%
2011	1/1/2011 to 12/31/2012	$200.0M to $290.0M	47.8%	$297.2M	150.0%
2010	1/1/2010 to 12/31/2011	$310.0M to $450.0M	34.6%	$526.2M	150.0%

(1) The payment for the 2012 annual performance-based LTI award is contingent upon the Company s final NPOICC performance results for 2013, where the final payment will be 127.8% if the 2013 NPOICC results are greater than or equal to $450.0 million. The final payment will be 100% if the 2013 NPOICC results are less than $450.0 million.

2012 Ad Hoc LTI Awards. The Committee did not approve any equity awards granted outside the annual award process, known as ad hoc awards, to any NEO in 2012. Long-term equity incentive awards to the NEOs during 2012 are summarized as follows:

	2012 Annual LTI Award Value(1)		
Name	Performance-Based RSU Award Value (75%)	Time-Based RSU Award Value (25%)	Total Annual LTI Award Value
William R. Nuti	$3,375,007	$1,124,995	$4,500,002
Robert P. Fishman	$450,007	$149,995	$600,002
Peter A. Leav	$749,997	$250,006	$1,000,003
John G. Bruno	$749,997	$250,006	$1,000,003
Peter A. Dorsman	$749,997	$250,006	$1,000,003

(1) Represents the grant date fair value of the LTI awards granted in 2012, as summarized on the Grants of Plan-Based Awards for 2012 table on page 49 of this proxy statement.

Amendment to the 2011 LTI Award to our CEO. In 2012 the Committee added a performance-based vesting condition for a special, one-time retention award previously made to our CEO, thereby modifying the original grant by converting it to a time-based and performance-based award that is 100% at risk. The original grant provided for time-based vesting on a single date. However, the Committee, with our CEO s full support, elected to include a performance-based vesting component where the award is 100% at risk. The Committee also adopted a policy for awards such that all subsequent special retention awards to any executive officers will include both time-based and performance-based vesting conditions.

Economic Profit Plan (EPP). The EPP was approved by stockholders at the 2011 Annual Meeting and is designed to further link the incentive compensation of the participants to the long-term, sustainable creation of stockholder value, and strike a balance with the dilution that can occur with equity based awards.

The financial metric used for the 2012 EPP is the Company s 2012 economic profit. Economic profit is defined as the (1) Company s NPOI less (2) the Company s WACC multiplied by controllable capital. The following table outlines the differences in methodology for the calculation of NPOICC used as the performance measure for the MIP and SIP compared to the calculation of economic profit for the EPP:

Calculation Elements	NPOICC Calculation Methodology	Economic Profit Calculation Methodology
NPOI	-Excludes impact of Acquisitions, Divestitures and Discontinued Operations	-Includes impact of Acquisitions, Divestitures and Discontinued Operations
Controllable Capital	-Excludes impact of Acquisitions, Divestitures and Discontinued Operations -Excludes Unfunded Pension Debt	-Includes impact of Acquisitions, Divestitures, and Discontinued Operations -Excludes Unfunded Pension Debt
WACC	-Static (reset Annually based on changes in the Company s capital structure)	-Dynamic (reset Quarterly based on changes in the Company s capital structure)

The Committee chose economic profit as the financial metric for the EPP because economic profit is a more accurate way to determine profit over time than NPOICC (which is used in connection with the Company s annual and long-term incentives that set specific targets). Therefore, the potential impact to a participant s EPP account from the economic profit or loss that our leaders help to create for the organization in future years closely aligns the interests of our EPP participants with the long-term interests of stockholders.

The EPP does not establish goals or have a target . Rather, the EPP allows our senior most executives to share in a portion of the economic profit that they helped to create. Payments under the EPP may be made annually and are subject to adjustment based on future years economic profit. As a result, transactions can be included when they are complete and WACC can be averaged each year to more closely align the overall program with the actual transactions and actual costs of capital. The impact of any particular transaction or change in cost of capital is smoothed out over the years through the bonus banking mechanism described in more detail below.

In 2012, the Committee assigned to each executive participating in the EPP a specified percentage of the Company s economic profit. The maximum percentage of our economic profit that an NEO or other participant may receive for any performance year is 5.0%. This percentage is referred to as a participant s carried interest in the Company s economic profit and represents the participant s opportunity to receive annual cash payouts. Each year, a participant receives a bonus credit award equal to his or her carried interest percentage of economic profit for that year. The bonus credit is credited to the participant s account, known as a Bonus Bank, under the EPP. This credit may be positive or negative. The EPP provides that participants receive a payout equal to 33% of the balance of their Bonus Banks on August 1 of the following year, provided that the Company also passes a cash flow test annually.

The EPP provides that under this cash flow test, the Company s annual GAAP net cash provided by operating activities must be equal to or exceed 1% of the Company s total revenue. The EPP further provides that if the Company does not pass this cash flow test, the amount that would otherwise have been paid from a participant s Bonus Bank will instead remain in the participant s Bonus Bank, without interest. Additionally, if a participant were to earn a bonus under the EPP in excess of $10 million dollars in the calendar year, the amount of the bonus in excess of $10 million dollars will not be paid in such year. The excess amount will remain in the participant s Bonus Bank, without interest. The first payment under the EPP was made August 10, 2012.

A participant forfeits the amount held in his or her Bonus Bank in the event of a voluntary termination of employment without good reason or an involuntary termination for cause. However, there are special rules in the event of retirement, death, disability, involuntary termination without cause, termination for good reason, or a termination following a qualifying change in control which are described in the *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

Consistent with Section 162(m) of the Internal Revenue Code (the Code), the Committee does not increase the originally established carried interest of a participant during a performance year. However, the Committee retains the discretion to reduce the bonus credit to a participant s Bonus Bank or to reduce the amount previously credited to a participant s Bonus Bank. Such reductions could be based on the Company s performance against its financial and strategic objectives, a business unit s performance against its annual financial and operational goals, and the executive s performance against his or her individual MBOs.

There are several advantages to the plan design of the EPP. First, it recognizes that internally established targets are by definition difficult to calibrate given the volatility in the economic environment, whereas EPP pays on absolute economic value created. Additionally, the payouts operate as a retention device with the payments scheduled in August separate from other vesting or award events.

2012 Economic Profit Results, EPP Bonus Credit Awards and Payouts. Economic profit for the 2012 performance year was $488.5 million. Also, the Company exceeded the cash flow test requirement under the EPP since cash flow from operations, which was adjusted by the Committee to exclude the special pension contribution made in 2012 as part of a larger multi-phase process to fund and de-risk certain of the Company s pension liabilities, of $420 million was greater than 1% of total revenues for 2012 (or $57.3 million).

Summary of the Economic Profit Calculation and EPP Cash Flow Test Results for 2012

Economic Profit Calculation			EPP Cash Flow Test	
			Cash Flow from Operations	($180.0M)
NPOI (as reported)		$ 588.9M	Pension Funding Adjustment	$600.0M
			Adjusted Cash Flow from Operations	$420.0M
Controllable Capital	*$ 1,004M*		Total Revenues	$5,729.5M
WACC (four quarter average)	*10.0%*		Cash Flow Hurdle Rate (% of Total Revenues)	1.0%
Less: Capital Charge		($100.4)	Cash Flow Hurdle Amount	$57.3M
Economic Profit		$ 488.5M	Cash Flow Test Passed[1]	

(1) The Committee excluded the special pension contribution described above that was made in 2012 for the purpose of calculating the cash flow metric.

The participation level of each NEO and the amounts earned under the EPP for the 2012 performance year are summarized as follows:

Summary of 2012 Economic Profit Pan Participation, Bonus Credit Awards, and Cash Payout

Name	2012 EPP Carried Interest	2011 Bank Balance (After 2011 Payout)	2012 EP Bonus Credit Award (Before Payout)	Bank Balance (Before 2012 Payout)	2012 EP Cash Payout[1]	2012 EPP Bank Balance (After 2012 Payout)
William R. Nuti	1.25%	$3,229,065	$6,106,250	$9,335,315	$3,080,654	$6,254,661
Robert P. Fishman	0.15%	$322,906	$732,750	$1,055,656	$348,366	$707,290
Peter A. Leav	0.30%	$322,906	$1,465,500	$1,788,406	$590,174	$1,198,232
John G. Bruno	0.30%	$645,813	$1,465,500	$2,111,313	$696,733	$1,414,580
Peter A. Dorsman	0.30%	$322,906	$1,465,500	$1,788,406	$590,174	$1,198,232

(1) 33% of the 2012 EPP Bank Balance (before 2012 payout) will be paid in August 2013 in accordance with the terms and conditions of the EPP.

Update on Prior Performance-Based Restricted Stock Unit Awards

2009 Performance-Based Restricted Stock Unit Retention Awards. In 2009, the Committee granted performance-based restricted stock units to Messrs. Leav, Bruno and Dorsman. The awards were granted with an eighteen-month performance period that commenced July 1, 2009 and ended December 31, 2010. The awards had a performance target of NPOI of $300 million, which if achieved, would result in 100% of the award vesting. In February 2011, the Committee certified that the performance condition for these awards was achieved. These awards vested on August 1, 2012.

2010 Performance-Based Restricted Stock Units. In 2010, the Committee granted performance-based restricted stock units to our NEOs. The awards were granted with a two-year performance period that commenced January 1, 2010 and ended December 31, 2011. The number of shares earned could range, according to the level of performance achieved, from a threshold of 25% to a maximum of 150% of the performance-based units granted. In February 2012, the Committee certified that the performance condition for these awards was achieved at 150% of target. The awards also had a threshold performance target of 20% ROC which was also achieved. These awards vested on December 31, 2012.

2011 Performance-Based Restricted Stock Units. In 2011, the Committee granted performance-based restricted stock units to our NEOs. The awards were granted with a two-year performance period that commenced January 1, 2011 and ended December 31, 2012. The number of shares earned could range, according to the level of performance achieved, from a threshold of 25% to a maximum of 150% of the performance-based units granted. In February 2013, the Committee certified that the performance condition for these awards was achieved at 150% of target. The awards also had a threshold performance target of 20% ROC, which was also achieved. These awards will vest on March 3, 2014, subject to the executive s continued employment with the Company on the vesting date along with certain other rules in the event of retirement, death, disability, termination without cause, termination for good reason and change in control which are described in the *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

2013 Annual Long-Term Incentive Program

2013 Annual LTI Awards. The design of the 2013 LTI awards for our NEOs remains consistent with the 2012 design. The 2013 LTI awards are 75% performance-based restricted stock units and 25% time-based restricted stock units. This mix balances our desire to keep a significant portion of pay performance-based with the need to maintain a certain level of retention value. The performance-based awards are subject to a two-year performance period. The awards granted in 2013 have a maximum payment of 125% of target, which is a reduction from the 150% of target for awards granted in 2012. The number of shares earned as part of the 2013 LTI award will be determined initially based on the NPOICC achieved during the 2013 fiscal year (between a threshold, target and maximum payout objective) and, to the extent the number of shares earned exceeds 100% (or a payout above target), the number of shares earned will be further adjusted based on the NPOICC achieved during the 2014 fiscal year. In this case, the Company must also achieve NPOICC results for the 2014 fiscal year at least equal to target NPOICC set for the 2013 fiscal year, or the final payout will be reduced to 100% of the target number of shares granted. If a payout is earned for the 2013 performance-based restricted stock units, the shares earned will vest 100% in October 2016. The time-based awards will vest 100% in February 2016. Both the performance-based and time-based portions of the 2013 Annual LTI award are subject to the executive s continued employment with the Company on the vesting date along with certain other rules in the event of death, disability, termination without cause, termination for good reason and change in control which are described in the *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

2013 Economic Profit Plan. EPP awards will continue to be a portion of the overall LTI award value granted to the CEO and other executives that would otherwise be granted as restricted stock units under the SIP. Each participating executive will receive a carried interest in the EPP that provides an opportunity for a cash payout based on the economic profit earned under the EPP which will be determined based on NPOI after a reduction for our WACC multiplied by our controllable capital.

The long-term incentive awards granted to each NEO for the 2013 fiscal year are summarized as follows:

Summary of Long-Term Incentive Awards Granted in 2013

	2013 Annual LTI Award Value(1)			
Name	**Performance-based RSU Value (75%)**	**Time-based RSU Value (25%)**	**Total Annual LTI Award Value**	**2013 EPP Participation**
William R. Nuti	$3,750,000	$1,250,000	$5,000000	1.15% Carried Interest
Robert P. Fishman	$487,500	$162,500	$650,000	0.15% Carried Interest
Peter A. Leav	$750,000	$250,000	$1,000,000	0.25% Carried Interest
John G. Bruno	$487,500	$162,500	$650,000	0.15% Carried Interest
Peter A. Dorsman	$562,500	$187,500	$750,000	0.15% Carried Interest

(1) Represents the 2013 LTI dollar value approved by the Committee for each award.

Executive Perquisites. Our executives are eligible for a limited offering of perquisites, which do not comprise a significant amount of our executive compensation program. They include financial counseling, executive medical exam, relocation benefits and also with respect to our CEO, occasional hotel accommodation, limited use of corporate aircraft and security expenses. The perquisites we provide support our objective to attract and retain high quality talent and are designed to allow our executives to focus on their business responsibilities with less concern for the situations covered by these perquisites. A more detailed description of these perquisites and the incremental costs to the Company associated with providing each of these perquisites to the NEOs are contained in the Perquisites Table and the footnotes to the Perquisites Table on page 46 of this proxy statement.

The Committee has discontinued all tax reimbursements (or tax gross-ups) with the exception of those provided in connection with relocations required by the Company, which are generally also provided to all non-executive employees, and those that may be provided in the event of a qualifying termination following a change in control of the Company to participants in the Change in Control Severance Plan who entered the plan prior to January 28, 2010 (as discussed below).

Retirement Benefits. All of our U.S. defined benefit plans were closed to new entrants in 2004 and benefits were frozen as of December 31, 2006. The actuarial present values of the accumulated pension benefits as of the end of 2012 to Messrs. Fishman and Dorsman, our only NEOs who are entitled to benefits under our defined benefit pension plans, as well as other information about each of our plans in which our NEOs participate, are reported in the Pension Benefits Table and the narrative to that table beginning on page 53 of this proxy statement.

The Company maintains the NCR Savings Plan, a 401(k) plan, to which it made matching contributions in 2012 in amounts equal to 50% of the first 4% of each participant s eligible pay which is currently set at $250,000 per year. In February 2012, the Company also made a special discretionary contribution to the 401(k) plan in an amount equal to 25% of the matching contribution credited to each participant s account for the 2011 plan year.

Change in Control Arrangements. If, in the future, the Company considers potential transactions that could result in a change in control of the Company, we want to ensure that key members of management have incentives to remain during this process and evaluate potential transactions in an independent and objective manner that may maximize stockholder value. In 2006, we adopted the Change in Control Severance Plan. As described in the discussion of the Change in Control Arrangements on page 54 of this proxy statement, benefits under the Change in Control Severance Plan are paid only if both a qualifying change in control and a qualifying termination of employment occur (a double-trigger).

The Change in Control Severance Plan provides for separation payments and benefits to certain of our executives based on the plan tier level assigned by the Committee. For the CEO the cash severance payout multiple is 300% and for the other NEOs it is 200%. There are no tax gross-ups under the plan, except in the case of participants who entered the plan prior to January 28, 2010. The tax gross-up only applies if the aggregate value of all severance and other change in control payments to the participant exceeds 110% of the maximum amount that could be paid under Section 280G of the Code without imposition of an excise tax. If the value of such payments would not exceed the 110% threshold, then the payments would be reduced to the extent necessary to avoid imposition of the excise tax.

Additional details regarding the payments and benefits provided to the NEOs upon satisfaction of the double-trigger are described in the *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

Severance Benefits. To ensure that we offer competitive executive compensation programs, when appropriate, we believe it is important to provide reasonable severance benefits to our executives, including the NEOs. We do not have individual severance arrangements with our NEOs other than Mr. Nuti. The severance arrangement for

Mr. Nuti was provided as a result of negotiations at the time of his hire in order to attract him to the Company. A description of the severance arrangement with our CEO is described in detail in the Agreements with our NEOs section on page 46 of this proxy statement.

Messrs. Fishman, Leav, Bruno, and Dorsman, were covered under the Company s severance policy that was in effect through December 31, 2012. This policy, available to all U.S. employees, provides severance benefits if the employee s position is eliminated due to a reduction-in-force pursuant to the NCR Reduction-In-Force Plan (the 2012 U.S. RIF Plan). A description of the 2012 U.S. RIF Plan as well as the estimated payments and benefits payable to the NEOs assuming an event triggering benefits under the plan as of December 31, 2012 are reported in the discussion of *Potential Payments Upon Termination or Change in Control* section beginning on page 54 of this proxy statement.

After careful review and consideration of our workforce strategy and competitive severance practices, the Company took an action to eliminate the 2012 U.S. RIF Plan for all US employees, including the NEOs, effective April 1, 2013. Instead, the Company will continue to provide reasonable and market-competitive severance benefits to certain employees, including our NEOs (other than the CEO), when appropriate, based on specific guidelines established for each grade/position across the enterprise as opposed to the tenure/service-oriented formula previously provided under the 2012 U.S. RIF Plan. The Company believes this approach is a best practice that provides greater alignment with competitive severance practices.

Compensation Recovery Policy. Under our Compensation Recovery Policy (or claw back policy), each executive officer must repay or forfeit, as directed by the Committee, any annual incentive, long-term incentive, equity-based award or other performance-based award received by him or her if:

- the payment, grant or vesting of such compensation was based on the achievement of financial results that were the subject of a restatement of the Company s financial statements, as filed with the Securities and Exchange Commission;

- the need for the restatement was identified within 3 years after the date of the first public issuance or filing of the financial results that were subsequently restated;

- the Committee determines in its sole discretion that the executive officer s negligence, fraud or misconduct caused or contributed to the need for the restatement; and

- the Committee determines in its sole discretion that it is in the best interests of the Company and its stockholders for the executive officer to repay or forfeit all or any portion of the compensation.

In addition, if the Committee determines that this policy applies to an executive officer, then in addition to the above provisions, the executive officer must, to the fullest extent permitted by law and as directed by the Committee: (i) forfeit any outstanding equity-based awards; and (ii) repay the amount received upon settlement of any time-based equity awards or any gains realized upon the exercise of stock options.

Stock Ownership Guidelines

We have adopted stock ownership guidelines for our NEO s to ensure that our NEOs maintain an equity interest in the Company at a level sufficient to assure our stockholders of our NEO s commitment to value creation. All NEOs have a five year period from the date of hire or, if applicable promotion, to achieve the stock ownership guidelines. For these purposes, stock ownership includes shares owned outright by the NEO, interests in restricted stock and restricted stock units, stock acquired through our employee stock purchase plan, and investments in NCR common stock through the Company s 401(k) plan. Stock options are not taken into consideration in meeting the ownership guidelines.

As of December 31, 2012 all of our NEOs exceeded these guidelines.

Named Executive Officer	Stock Ownership Guideline *(multiple of base salary)*	Stock Ownership Achieved *(as of December 31, 2012)*
William R. Nuti	6.0 times	24.4 times
Robert P. Fishman	2.0 times	7.0 times
Peter A. Leav	2.0 times	6.9 times
John G. Bruno	2.0 times	11.2 times
Peter A. Dorsman	2.0 times	10.2 times

Company Policy on Hedging

The Company s Insider Trading Policy prohibits employees from trading in derivative securities of the Company. For this purpose, derivative securities is defined as including publicly traded options, short sales, puts, calls, strips or similar derivative securities whether or not issued directly by the Company or by any stock exchange.

Tax Deductibility Policy

Under Section 162(m) of the Code, certain compensation in excess of $1 million annually is not deductible for federal income tax purposes unless it is awarded pursuant to a performance-based plan approved by stockholders. While we generally try to ensure the deductibility of the incentive compensation paid to our executives, the Committee has not adopted a policy that requires all compensation to be deductible because we want to preserve the ability to award cash or equity compensation to an executive that is not deductible under Section 162(m) if we believe that it is in our stockholders best interests.

BOARD COMPENSATION AND HUMAN RESOURCE COMMITTEE

REPORT ON EXECUTIVE COMPENSATION

The Compensation and Human Resource Committee of the Board of Directors (the Committee) manages the Company s compensation programs on behalf of the Board of Directors. The Committee reviewed and discussed with the Company s management the *Compensation Discussion and Analysis* included in this proxy statement. In reliance on the review and discussions referred to above, the Committee recommended to the Board of Directors that the *Compensation Discussion and Analysis* be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and the Company s proxy statement to be filed in connection with the Company s 2013 Annual Meeting of Stockholders, each of which will be filed with the Securities and Exchange Commission.

Dated: February 25, 2013

The Compensation and Human Resource Committee:

Linda Fayne Levinson, Chair

Gary J. Daichendt, Member

Robert P. DeRodes, Member

COMPENSATION TABLES

The Summary Compensation Table below shows the total compensation paid to or earned by each of our Named Executive Officers with respect to the fiscal years ending December 31, 2012, 2011, and 2010.

Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)[1]	Option Awards ($) (f)[2]	Non-Equity Incentive Plan Compensation ($) (g)[3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)[4]	All Other Compensation ($) (i)[5]	Total ($) (j)
William R. Nuti	**2012**	1,000,000		4,500,002		4,130,654		175,350	9,806,006
Chairman of the Board,	**2011**	1,000,000		6,303,479		4,272,875		129,189	11,705,543
Chief Executive Officer and President	**2010**	1,000,000		8,113,247	1,403,217	1,500,000		154,434	12,170,898
Robert P. Fishman	**2012**	493,151		600,002		779,616	20,665	22,972	1,916,406
Senior Vice President	**2011**	443,056		680,954		817,574	60,709	56,507	2,058,800
and Chief Financial Officer	**2010**	368,000	100,000	1,003,611	102,054	393,507	18,886	354,193	2,340,251
John G. Bruno	**2012**	750,000		1,000,003		1,034,233		23,620	2,807,856
Executive Vice President	**2011**	750,000		1,807,251		1,475,787		23,425	4,056,463
and Chief Technology Officer	**2010**	750,000	650,000	4,010,740	357,183	737,825		23,424	6,529,172
Peter A. Dorsman	**2012**	550,000		1,000,003		1,002,674	83,556	88,338	2,724,571
Executive Vice President,	**2011**	460,417		1,257,656		795,181	71,170	88,003	2,672,427
Chief Quality Officer	**2010**	401,250		1,072,674	184,970	358,583	32,785	100,368	