



This 3DAdvisors Report Covers:

- ✓ **Insider Trading:** Insider Trading Behavior
- ✓ **Accounting:** Quality of Earnings Issues
- ✓ **Governance:** Corporate Governance Issues

Real Growth Still Elusive, Insiders Keep Selling NCR Corp. (NYSE:NCR) Update

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NCR Corporation and its subsidiaries provide technology and services that enable businesses to interact, connect, and relate with their customers worldwide. It operates in seven segments: Data Warehousing, Financial Self Service, Retail Store Automation, Customer Services, Systemedia, Payment and Imaging, and Other. The company sells its products and services through direct and indirect sales channels. NCR has operations in the United States, Europe, Middle East, Africa, Japan, and Asia-Pacific. The company was founded in 1884 by John H. Patterson under the name National Cash Register Company and changed its name to NCR Corporation in 1974. NCR Corporation is headquartered in Dayton, Ohio.

Summary of 3DAdvisors Findings for NCR

- ▶ **Governance:** Change in CEO also brings change in policy on executive perks
- ▶ **Insider Trading:** Selling and holdings reductions continue after Nuti's arrival
- ▶ **Accounting:** Stretching to meet expectations, earnings quality suffers
- ▶ **Accounting:** Despite management assurances, uncertainty in ATM division

Discussion of 3DAdvisors Findings

Our full report on NCR (06/02/05) focused on the historically high volume of insider selling both before and after the departure of former CEO **Mark Hurd**. At the time, it seemed that Hurd's cost reduction strategies had run their course and, possibly without a solid plan for organically driven growth, he found a welcome parachute when Hewlett-Packard showed up with a big compensation package to lure him away. It was evident that, under Hurd's watch, NCR utilized a myriad of techniques to squeeze out profits from every possible corner of the business, never mind the fact that income growth consistently outstripped top-line growth and that the gains were coming from non-core areas. Among the techniques were creative reserve establishments and their opportune reversals, one-time real estate gains and procrastination with regards to impairment charges. Combine these earnings management efforts with favorable currency tailwinds and aggressive cost-cutting strategies, and the created illusion of growth caused NCR shareholders to bid up the shares 400% during Hurd's tenure.

The tepid revenue growth picture persists in the wake of his departure as well, causing real concern in some camps. Indeed, NCR shares which had fallen almost 21% (from the \$40 range) on the news of Hurd's departure, had slugged their way back to the \$37 area by the date of our last report, only to erode back to their current \$33 range. Part of the problem may be the hiring of former Symbol Technologies CEO **Bill Nuti** to fill Hurd's shoes. Nuti, considered an acquisition and turnaround specialist, seems cut from the same cloth as Hurd and not the sort of individual who is likely to come up with strategies to generate the still elusive and much needed top-line growth.

The dawn of Nuti's tenure finds some "interesting" governance changes, no doubt instituted by the new CEO. Nuti also faces eroding margin issues in some key segments; increasing challenges in the Company's ATM business; continuing reliance on non-core earnings items to seemingly squeeze every possible bit of earnings juice to the bottom line; a currency wind-shift to headwinds and delayed orders contributing to business declines in Asia. In the midst of all this, NCR insiders have continued their prior selling habits and further reduced their actionable holdings, even after Nuti's arrival on the scene.

Governance: Change in CEO also brings change in policy on executive perks

The first thing that Nuti apparently accomplished, when coming on board with NCR, was a change resulting in a 180 degree shift in the Company's policy regarding executive perquisites. Prior to Nuti's entrance, NCR had maintained a policy, with regards to perquisites that was clear cut. From the 2005 Proxy [the bolding is ours]:

NCR prefers to compensate its executive officers in cash and equity rather than with perquisites. Consequently, NCR's perquisites for executives are minimal and must be approved by the Committee. The Company does not provide its executive officers with typical perquisites such as company cars, club memberships, financial planning, or executive physicals. The Company has corporate aircraft that is available to executives, as well as other employees, for business travel. Company policy permits the use of such aircraft on limited occasions by executives' family members as long as there is no incremental cost to the Company. In addition, the Committee has authorized the CEO to use the Company's aircraft for personal use on an availability basis, provided that the imputed income related to such personal use does not exceed \$35,000 per year.

Just two days prior to the announcement of Nuti's appointment, however, NCR announced the following changes to its perquisites policy:

On July 27, 2005, the Compensation and Human Resource Committee (the "Committee") of the Board of Directors of NCR Corporation ("NCR" or the "Company") formalized the Company's perquisite program for executive officers. Pursuant to this program, NCR's executive officers may receive limited perquisites, all of which must be approved by the Committee and NCR's Chief Executive Officer ("CEO"). Under this program, the CEO and two

other executive officers are permitted to use the Company's corporate aircraft on a limited basis for personal travel, the Company provides one executive with an apartment and rental car in connection with his regular travel to an NCR business location, all directors and executive officers who are using the corporate aircraft for business purposes are permitted to have family and friends accompany them on such business travel, and limited home security monitoring and consulting services are provided by the Company to some of its executive officers. In addition, this program permits the Company to provide tax gross-up payments to executives for personal imputed income as a result of certain perquisites. The Company's policies provide that the value of any personal use of corporate aircraft will be imputed to the employee's personal income unless there is a specific agreement that provides otherwise.

We take note of not only the reversal of the spirit of the pre-existing perk policy but also the fact that, prior to the change, any limited perquisites required Committee approval whereas after the change, the CEO is in the approval loop, along with the Committee. It would seem as though Nuti outlined the sort of things he was accustomed to enjoying and NCR's board made sure he would feel at home. We're certain the board found safe harbor by reasoning that these are the kinds of things necessary to attract top talent.

But, we are inclined to question the value of Nuti's pedigree. NCR may have bought damaged goods as it is not out of the realm of possibility that he was pushed out of Symbol. After a sequential series of earnings disappointments, Nuti's credibility with analysts had deteriorated significantly. There are also clues that his exit was planned far before the surprise late-July announcement. In May of 2005 a Nuti Form 4 indicated that he had received "a special one-time option grant in connection with the termination of the reporting person's participation in the Company's (read: Symbol Technology) Senior Executive Retirement plan effective as of January 1, 2005." But Nuti was not the only one doing this. Joining him was former Symbol CFO **Mark Greenquist** who acted accordingly. Within two months of this May 9th disclosure, Greenquist had "resigned" from Symbol. It's interesting to note that, upon Greenquist's resignation, an analyst had speculated that he had been fired. Nuti adamantly proclaimed that this wasn't the case yet he, himself, was to do the same in just two weeks time.

Another metric causing us to wonder about the impetus behind Nuti's departure from Symbol is the lack of relative change in his compensation package from one company to the other. His base salary and bonus remained essentially the same at NCR as it was at SBL. This represents a totally different picture from that of departing NCR CEO Hurd who received a substantially larger package for coming on board. Clearly, the argument can be made that, possibly, Nuti was leaving a sinking ship and therefore, accepted a neutral deal in doing so. However, since it is fairly evident that Nuti was clearing the decks (with regards to his SBL deferred comp plan) in contemplation of a possible move as early as January, and that he was being held accountable for an increasing string of earnings disappointments, it seems more likely that the patience of Symbol's board may have grown as short as that of analysts following the Company.

One wonders what NCR's board must have been thinking with regards to the Nuti hiring. If he was truly damaged goods and forced out of SBL, why would they have pursued him? It is also interesting to note that NCR chairman and former pre-Hurd CEO, **Lars Nyberg** (53) resigned from the board on July 24th, three days prior to the disclosure of the new perquisites policy and five days prior to the formal appointment of Nuti. Nyberg was asked, and he agreed, to stay on as a director until October 26, 2005. He was removed as chairman, however, and replaced in that role by **James Ringler** who had been serving as interim CEO. Ringler's case is yet another interesting one concerning board governance matters. In addition to the pro-rated \$1 million salary (plus bonus) he received as interim CEO, Ringler was granted options for almost 53,000 shares for doing the job. But there's more. Two-thirds of those options vested on the day of the grant with the remainder monthly over the next three months! Rarely do we see such a giveaway with regards to options vesting. Due to the short swing profit rule, Ringler will not be able to exercise the options and sell the underlying shares for six months following the July 11th grant. Nonetheless, it will be quite interesting to see what he does with them after January 11th.

Nuti's track record at Symbol is arguably tainted. Now, he plans to shoot for organic growth at a company facing challenges on many fronts. Clearly, from the behavior of insiders and the trading action in NCR shares, the jury is very much out on this one.

Insider Trading: Selling and holdings reductions continue after Nuti's arrival

NCR insiders had been heading for the exits even prior to Hurd's departure. The fact that they had begun selling well in advance of his leaving (580,057 shares were sold in this period prior to his announced departure), coupled with the fact that so many of them are clearing out large chunks of their long-held options (and common) positions, helps confirm our notion that Hurd and the administration he left behind may have squeezed just about all they could out of their optimization strategy and now, faced with the prospect of engineering organic top-line growth, additional upside seems limited. Indeed, with NCR shares continuing to trend lower since our last report, and in the wake of Nuti's appointment, a new round of insider sales surfaced between August 22nd and August 30th revealing option exercises and related sales totaling 164,082 shares.

The most significant element to the increase in selling volume by NCR insiders this year is the broad-based effect from so many of them cashing out of their long term, and long vested, options positions. The activity has led to some of the largest year-to-date position reductions that we have ever seen here, including CFO **Peter Bocian** who sold 58% of his holdings, and director and recently-resigned Chairman **Lars Nyberg** (53) who distributed nearly all of his common stock and now only holds 9,770 vested options and 1,000 shares of common. Three other key insiders who recorded substantial reductions in their actionable holdings (common stock plus exercisable options) on the year were **Michael Koehler** (55% reduction), **Gerald Gagliardi** (61% reduction), and **Keith Taylor** (34%). What makes their behavior so important is that Koehler and Gagliardi are the heads of the two key divisions expected to bring in the growth for NCR's future: Teradata and Worldwide Customer Solutions, respectively.

Figure 1. NCR Daily Closing Prices, August 2, 2004 through September 8, 2005. Blue diamond is where Mark Hurd's departure was announced. Blue shaded area is where 6 insiders sold 164,082 shares. Source: Reuters and NCR SEC Filings.

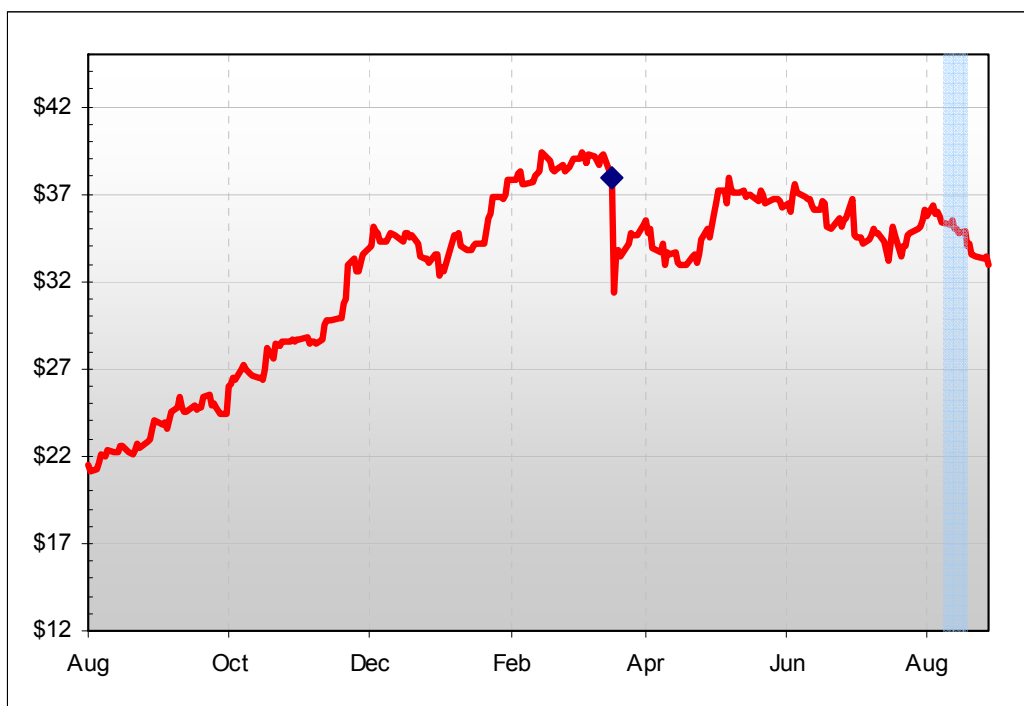


Table 1. Year-to-Date Holdings Reductions by NCR Insiders. Source: NCR SEC Filings

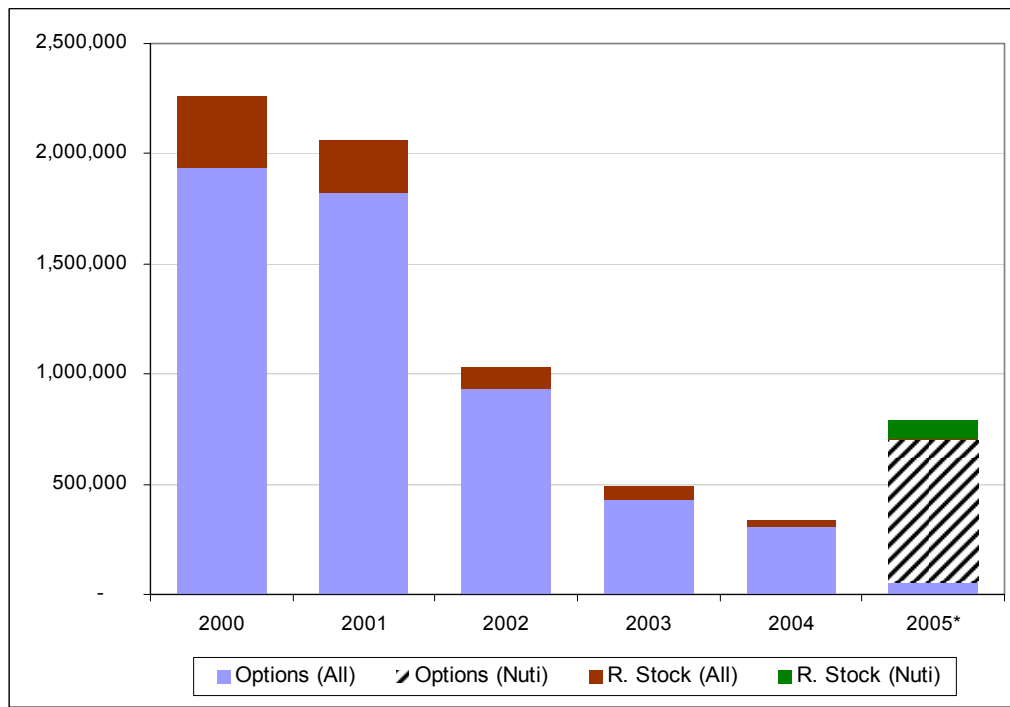
Insider	Position	01/01/03	01/01/04	01/01/05	09/07/05	Reduction since 2004
W. Nuti ¹	P, CEO	--	--	--	--	--
P. Bocian	CFO	--	66,817	76,105	32,326	52%
G. Gagliardi	SVP	361,072	287,098	269,920	103,920	64%
J. Hoak	GC	--	376,684	367,592	222,704	41%
M. Koehler	SVP	--	229,468	155,309	69,977	70%
K. Taylor	SVP	420,744	274,580	283,227	188,077	32%
L. Nyberg	Chairman	7,321,342	39,776	51,777	10,777	73%
E. Berg ²	SVP	---	--	74,466	44,518	N/A

¹ William Nuti filed as a Section 16 insider on August 8, 2005. He currently does not have any actionable holdings.

² Eric Berg filed as a Section 16 insider on July 23, 2003. He did not have any actionable holdings on January 1, 2004.

The aggressive behavior exhibited by these insiders is even more revealing when one takes into account the declining number of stock options granted and restricted stock awarded over the past few years. As Figure 2 below indicates, incentive awards for the Company's named executives are a fraction of what they had been as recently as 2003. You will note that the only reason for the increase in awards thus far in 2005 was the hiring of Nuti with his associated "come aboard" grants. What's more, NCR has traditionally granted options with a three-year vesting schedule, which means that the one million options granted in 2002 have vested in full and have been mostly monetized. There will be very few new options vesting in the upcoming twelve months to replenish what has been sold since February.

Figure 2. Stock Option and Restricted Stock Grants to Nuti and Other NCR Insiders.
Source: NCR SEC Filings.



* 650,000 options and 85,000 restricted shares were awarded to William Nuti.

- Michael Koehler (52)** – Senior V.P., Teradata Data Warehousing Division. Though his incentive equity awards have been on the decline year-over-year (he received 68% fewer options in 2005 than he had in 2003), Koehler has shown little restraint with his selling since he initially filed as a Section 16 insider back in March 2003 and the associated deterioration in his holdings has become quite evident to us. His sales since February 2004 totaling 216,624 shares have **trimmed his holdings by 70%**. Most recently he monetized a majority of his remaining vested options, exercising four non-expiring series (expiration dates: 1/12, 7/12, 2/13, 8/13), selling all 34,998 shares at \$35.70. Koehler will have just over 60,000 options and restricted shares vest in the first quarter of 2006 (see Appendix A).

Options/Restricted Stock Granted to Michael Koehler

2001	2002	2003	2004	2005
24,000	18,000	76,000	31,500	24,125

- **Gerald Gagliardi (57)** – Senior V.P., Worldwide Customer Services Division. Gagliardi joined NCR in 2001 after serving as a consultant at E.M. Warburg Pincus. His selling pace has intensified in 2005 from last year, as he has already sold 176,666 shares on the year at an average price of \$36. In fact, after selling at \$39 back in March, each of his subsequent sales has come at lower prices. The selling has **wiped out 61% of his position** this year, which is significant because Gagliardi was granted 344,000 options between 2001 and 2003, but only 43,046 options since. At this current selling pace, he will monetize a majority of his holdings by year-end, and this from the head of the second key division expected to generate double digit revenue growth in 2005. Gagliardi will have a total of 43,378 options and restricted shares vest throughout 2006 (see Appendix A).

Options/Restricted Stock Granted to Gerald Gagliardi:

2001	2002	2003	2004	2005
220,000	80,000	76,000	40,400	13,501

- **Keith Taylor (54)** – Senior V.P., Financial Solutions Division. Since February, there has been a noticeable change in Taylor's trading behavior. Last year, he executed two similar sales in June and November, selling 23,000 shares at \$24 and \$28. In both instances, he never exercised more than three option series. In February 2005 he exercised seven different series (and cleared out five of them) with expiration dates ranging between January 2006 and February 2010. He sold the underlying 47,000 shares at roughly \$38, marking his largest sale since he became a Section 16 filer back in 1998. But the activity didn't end there, as on May 10th he cleared out his February 2010 options, selling 45,482 of the 50,482 shares he acquired at lower prices (\$35) than his February activity. Most recently, he cleared out his July 2012 option series that has just vested in full and sold the 13,334 shares at \$35.06. Not only has he been accepting lower prices for his stock, but has **now sold 34% of his holdings** on the year.
- **Jonathan Hoak (55)** – Senior V.P., General Counsel, Secretary. Hoak has been NCR's lead counsel since coming over from AT&T in 1993. His selling was never really notable until last year, when his volume picked up into the higher prices. The pattern has extended into 2005, as he has sold more shares since February than he had over the past seven years combined. On February 3rd Hoak cleared out his February 2008 options and sold the 50,000 shares at \$35. A month later, shortly before Hurd's departure, he sold 35,888 shares at \$38 after he cleared out his January 2007 option series. Then, as the issue was struggling to rebound after Hurd's defection, Hoak cleared out his January 2009 option series on May 11th and August 24th and sold another 66,000 shares at \$35. The only other time he's executed this many transactions in a year was back in 2001, as the issue slid from \$25 to \$18, and even then, his selling wasn't within such a short period. That he was willing to **part with 40% of his holdings** this year after being a net accumulator, through the retention of options, over the years provides an additional clue that uncertainty seems rather prevalent among the insider ranks.

- **Peter Bocian (50)** – Senior V.P., CFO. Although Bocian wasn't one of the sellers in the August round, his earlier activity is still an important component of the collective behavior of NCR insiders. After initially filing as a Section 16 insider back in 2003, we began seeing the first signs of his activity in February 2004 and by year end, he had distributed 25,760 shares. This year alone, **Bocian sold 58% of his holdings** with sales in February and May totaling 61,000 at an average price of \$36. The May selling included the most aggressive option exercising we've seen from him, as he exercised four series of non-expiring options (expiration dates: 1/09, 1/12 @ \$19.88, 1/12 @ \$20.59, 2/13), two series of which were held by his wife. We don't expect to see him executing any large sales by year end as he (and his wife) currently only holds 34,715 vested options, but that may change next year as a combination of 36,282 restricted shares and options will vest between February and September (see Appendix A). We should also point out that Bocian is the lone senior executive that currently doesn't hold the requisite common shares mandated by the Company's executive ownership guidelines policy.

Accounting: Stretching to meet expectations, earnings quality suffers

NCR continues to seemingly look under every rock to juice the bottom line as it struggles to meet Street expectations. For instance, the Company allowed its warranty reserve to fall in Q1 (F/Y 2005) by \$3 million, to \$18 million, in spite of the fact that warranty settlements were up \$3 million during the period. The Company, however, chose to record its Q1 warranty accruals sans the \$3 million increase in settlements, a move that could have added as much as \$0.035 per share for the period. So in Q2, with actual warranty settlements for the six month period at \$23 million, \$3 million higher than at this time last year, and higher revenues (albeit not by much) NCR chooses to continue with a lowered Warranty Reserve Liability of \$18 million vs. \$21 million for the same period last year. It seems interesting, and consistent with past NCR behavior, that the Company chooses not to move its Warranty Reserve up with its settlement experience.

During Q2, NCR added another \$12 million (after tax) to earnings through the disposal of real estate previously classified as held for sale. It had been on the books at \$10 million. The Company received \$5 million in cash and the remaining \$20 million in notes receivable (installment payments) over the next four years. This added another \$0.07 per share to earnings for the Q2 period.

Tax benefits continue to aid the bottom line as well. During Q2, a \$64 million tax benefit from the settlement of prior years' tax audits represented a large item which, although fully disclosed, had nothing to do with quarterly results. Nevertheless, the benefit resulted in an overall tax rate of -61% for Q2 (-32% for the six month period). Less disclosure is connected with the "legal entity restructuring" which has contributed further to the drop in the Company's effective tax rate which is now estimated to be 22% for the full year (2005).

The Company has consistently, over the years, reported that revenue in the third month of a quarter will be disproportionately higher than that of the first two months. However, there has never been any reason given for this imbalance of revenue. Better disclosure would allay concerns about the propriety of revenue recognition.

Currencies are becoming yet another area where revenues are being challenged. What have been benign tailwinds have shifted around and now represent imposing headwinds for the second half of the year, as much of NCR's currency exposure (32% of revenues) is to the Euro. Through Q2, most of NCR's reporting segments had benefited about 2% each from favorable currency comparisons. Indeed, at the end of Q1, NCR's guidance called for year over year revenue growth in the 3% to 4% range, largely driven by "two to three" points of expected currency benefit. What a difference one quarter can make. By the end of Q2, the Company had lowered its full year guidance to 1% to 2% with no benefit from currency. Instead, the Company is predicting currency headwinds by the fourth quarter. So far this year, strength in the Greenback has surprised many. Should this continue, it seems that NCR's currently-lowered guidance could be in for more trimming.

Accounting: Despite management assurances, uncertainty in ATM division

Clear challenges to revenue growth lie in the Company's Financial Self Service, or ATM, division. Margins continue to decline in the face of increasing price competition. Although management repeatedly says the ATM business will continue to be "a very good business for us", it has become clear that the upgrade cycle for improving the current NCR product will "just be spread out over the next few years" or about a year longer than originally expected. There seems to be some clear uncertainty among management with regards to this division. On one hand, CFO Peter Bocian says that "banks continue to buy and install our new generation ATM's" and that "Several financial institutions in the U.S. are actively testing our modules, which can be inserted into our core ATM to enable the automation of check and cash deposits". Later in the same conference call, Bocian seemed to contradict what he had said earlier, "we're getting almost no volume relative to the deposit automation". And then there are comments by interim CEO Jim Ringler: "the replacement cycle that we're all expecting, and I think it's going to happen, is coming a bit slowly. It's still out in front of us". To all of this, both Bocian and Ringler repeatedly mention, almost mantra-like, how "we still feel good about this business". We suspect their tone, one intended to reassure, had the opposite effect on many analysts and investors.

Much time was spent in the Q2 conference call over the delay of \$20 million in ATM-related revenues due to "the adverse timing of transactions in Eastern Europe and China". Though they had "\$13 million in inventory sitting there waiting to be delivered to customers" in those countries, CFO Bocian went on to explain "we didn't get all the revenue recognition requirements done". It would seem to us, and others, that blips caused by such delays are normally-recurring events and, as often as not, positive blips occur as well. It would seem that management made much ado over the delay the revenues from the two contracts in question and may have been avoiding a discussion of the simple fact that ATM revenue fell short in the quarter.

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Appendix A

Option and Restricted Stock Vesting Schedules for Selected NCR Corp. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
Eric Berg, Senior V.P., Chief Administrative Officer. Common stock holdings: 17,518 shares								
07/23/03	Options	90,000	\$15.18	07/23/04	07/23/13	50,000	30,000	07/23/06
07/23/03	R. Stock	20,000	N/A	07/23/04	07/23/06	6,667	6,667	07/23/06
03/01/04	Options	21,000	\$22.65	03/01/05	03/01/14	21,000	14,000	03/01/06, 03/01/07
03/01/04	R. Stock	2,400	N/A	03/01/05	03/01/07	1,600	1,600	03/01/06, 03/01/07
03/01/05	Options	12,150	\$38.97	03/01/06	03/01/15	12,150	12,150	03/01/06, 03/01/07, 03/01/08
03/01/05	R. Stock	2,700	N/A	03/01/06	03/01/08	2,700	2,700	03/01/06, 03/01/07, 03/01/08, 03/01/09
Peter Bocian¹, Senior V.P., CFO. Common stock holdings: 10,188 shares								
01/04/99	Options	10,840	\$20.75	01/04/00	01/04/09	5,154	0	Fully Vested
01/03/00	Options	2,000	\$19.09	01/03/01	03/01/10	2,000	0	Fully Vested
01/26/01	Options	15,600	\$22.23	01/26/02	01/26/11	15,600	0	Fully Vested
07/29/02	Options	2,150	\$12.72	07/29/03	07/29/12	718	0	Fully Vested
02/03/03	Options	15,000	\$9.67	02/03/04	02/03/13	5,840	5,000	02/03/06
08/04/03	Options	12,500	\$13.67	08/04/14	08/04/13	8,336	4,166	08/04/06
03/01/04	Options	21,200	\$22.65	03/01/05	03/01/14	21,200	14,133	03/01/06, 03/01/07
03/01/04	R. Stock	4,000	N/A	03/01/05	03/01/07	2,667	2,667	03/01/06, 03/01/07
09/02/04	Options	10,000	\$22.39	09/02/05	09/02/14	10,000	6,667	09/02/06, 09/02/07
09/02/04	R. Stock	10,000	N/A	09/02/05	09/02/06	10,000	10,000	09/02/06
03/01/05	Options	15,501	\$38.97	03/01/06	03/01/15	15,501	15,501	03/01/06, 03/01/07, 03/01/08, 03/01/09
03/01/05	R. Stock	2,700	N/A	03/01/06	03/01/08	2,700	2,700	03/01/06, 03/01/07, 03/01/08, 03/01/09
Gerald Gagliardi, Senior V.P., Worldwide Customer Services. Common stock holdings: 30,344 shares								
01/31/01	Options	200,000	\$24.09	01/31/02	01/31/11	74,000	0	Fully Vested
02/02/03	Options	32,000	\$9.67	02/02/04	02/02/13	10,668	10,668	02/02/06
08/03/03	Options	32,000	\$13.67	08/03/04	08/03/13	10,668	10,668	08/03/06
03/01/04	Options	32,000	\$22.65	03/01/05	03/01/14	21,334	21,334	03/01/06, 03/01/07
03/01/04	R. Stock	12,000	N/A	06/01/05	03/01/06	8,000	8,000	03/01/06
03/01/05	Options	11,046	\$38.97	03/01/06	03/01/15	11,046	11,046	03/01/06, 03/01/07, 03/01/08, 03/01/09
03/01/05	R. Stock	2,455	N/A	03/01/06	03/01/08	2,455	2,455	03/01/06, 03/01/07, 03/01/08, 03/01/09
Jonathan Hoak², Senior V.P., General Counsel. Common stock holdings: 21,495 shares								
01/24/02	Options	22,000	\$20.59	01/24/03	01/24/12	22,000	0	Fully Vested



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07/29/02	Options	22,000	\$12.72	07/29/03	07/29/12	22,000	0	Fully Vested
02/02/03	Options	15,000	\$9.67	02/02/04	02/02/13	15,000	5,000	02/02/06
08/03/03	Options	15,000	\$13.67	08/03/04	08/03/13	15,000	5,000	08/03/06
03/01/04	Options	22,000	\$22.65	03/01/05	03/01/14	22,000	14,667	03/01/06, 03/01/07
03/01/04	R. Stock	1,860	N/A	03/01/05	03/01/07	1,240	1,240	03/01/06, 03/01/07
09/02/04	R. Stock	12,000	N/A	09/02/05	09/02/06	12,000	12,000	09/02/06
03/01/05	Options	11,046	\$38.97	03/01/06	03/01/15	11,046	11,046	03/01/06, 03/01/07, 03/01/08, 03/01/09
03/01/05	R. Stock	2,455	N/A	03/01/06	03/01/08	2,455	2,455	03/01/06, 03/01/07, 03/01/08, 03/01/09

Michael Koehler, Senior V.P., Teradata Division. Common stock holdings: 36,212 shares

02/02/03	Options	17,000	\$9.67	02/02/04	02/02/13	5,668	5,668	02/02/06
03/03/03	Options	30,000	\$9.56	03/03/04	03/03/13	10,000	10,000	03/03/06
03/03/03	R. Stock	30,000	N/A	03/04/06	03/04/06	30,000	30,000	03/04/06
08/03/03	Options	17,000	\$13.67	08/03/04	08/03/13	5,668	5,668	08/03/06
03/01/04	Options	30,000	\$22.65	03/01/05	03/01/14	30,000	20,000	03/01/06, 03/01/07
03/01/04	R. Stock	3,000	N/A	03/01/05	03/01/07	2,000	2,000	03/01/06, 03/01/07
03/01/05	Options	15,648	\$38.97	03/01/06	03/01/15	15,648	15,648	03/01/06, 03/01/07, 03/01/08, 03/01/09
03/01/05	R. Stock	3,477	N/A	03/01/06	03/01/08	3,477	3,477	03/01/06, 03/01/07, 03/01/08, 03/01/09
07/01/05	R. Stock	5,000	N/A	07/01/06	07/01/08	5,000	5,000	07/01/06, 07/01/07, 07/01/08, 07/01/09

Keith Taylor², Senior V.P., Financial Solutions Division. Common stock holdings: 29,339 shares

01/24/02	Options	40,000	\$20.59	01/24/03	01/24/12	40,000	0	Fully Vested
02/02/03	Options	32,000	\$9.67	02/02/04	02/02/13	16,001	10,667	02/02/06
08/03/03	Options	32,000	\$13.67	08/03/04	08/03/13	10,667	10,667	08/03/06
03/01/04	Options	26,000	\$22.65	03/01/05	03/01/14	26,000	17,333	03/01/06, 03/01/07
03/01/04	R. Stock	3,000	N/A	03/01/05	03/01/07	2,000	2,000	03/01/06, 03/01/07
03/01/05	Options	14,728	\$38.97	03/01/06	03/01/15	14,728	14,728	03/01/06, 03/01/07, 03/01/08, 03/01/09
03/01/05	R. Stock	3,273	N/A	03/01/06	03/01/08	3,273	3,273	03/01/06, 03/01/07, 03/01/08, 03/01/09

¹ Peter Bocian's common stock and options include those held by his wife.

² The Company's Proxy Statement shows additional options for J. Hoak and K. Taylor which we are unable to account for through each individual's Form 4 filings.