NCR CORP
Form 10-Q
August 02, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2013
Commission File Number 001-00395

NCR CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	31-0387920
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3097 Satellite Boulevard
Duluth, GA 30096
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (937) 445-5000

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x		Accelerated filer	o
Non-accelerated filer	o	(Do not check if a smaller reporting company)	Smaller reporting company	o

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

As of July 15, 2013, there were approximately 166.0 million shares of common stock issued and outstanding.

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Part I. Financial Information

Item 1. FINANCIAL STATEMENTS

NCR Corporation
Condensed Consolidated Statements of Operations (Unaudited)

In millions, except per share amounts	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
Product revenue	$743	$706	$1,410	$1,276
Service revenue	792	703	1,535	1,377
Total revenue	1,535	1,409	2,945	2,653
Cost of products	550	532	1,053	977
Cost of services	559	503	1,097	987
Selling, general and administrative expenses	232	195	461	386
Research and development expenses	55	49	110	95
Total operating expenses	1,396	1,279	2,721	2,445
Income from operations	139	130	224	208
Interest expense	(26)	(8)	(47)	(17)
Other (expense), net	(3)	(5)	(1)	(7)
Income from continuing operations before income taxes	110	117	176	184
Income tax expense	23	28	25	35
Income from continuing operations	87	89	151	149
Income (loss) from discontinued operations, net of tax	—	13	(1)	4
Net income	87	102	150	153
Net income attributable to noncontrolling interests	1	—	3	1
Net income attributable to NCR	$86	$102	$147	$152
Amounts attributable to NCR common stockholders:				
Income from continuing operations	$86	$89	$148	$148
Income (loss) from discontinued operations, net of tax	—	13	(1)	4
Net income	$86	$102	$147	$152
Income per share attributable to NCR common stockholders:				
Income per common share from continuing operations				
Basic	$0.52	$0.56	$0.90	$0.93
Diluted	$0.51	$0.54	$0.88	$0.91
Net income per common share				
Basic	$0.52	$0.64	$0.89	$0.96
Diluted	$0.51	$0.62	$0.87	$0.93
Weighted average common shares outstanding				
Basic	165.2	159.0	164.5	158.6
Diluted	168.8	163.9	168.1	163.1

See Notes to Condensed Consolidated Financial Statements.

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NCR Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
Net income	$87	$102	$150	$153
Other comprehensive income (loss):				
Currency translation adjustments	(33)	(13)	(56)	(14)
Unrealized gain (loss) on derivatives	4	—	6	(6)
Losses (gains) on derivatives arising during the period	1	(1)	3	—
Less income tax benefit (expense)	(2)	2	(3)	2
Unrealized (loss) gain on securities	—	(1)	3	—
Employee benefit plans				
Amortization of prior service benefit	(4)	(5)	(22)	(10)
Net gain arising during the year	—	—	48	—
Actuarial loss included in benefits expense	1	4	3	8
Less income tax benefit (expense)	2	1	(10)	2
Total comprehensive income	56	89	122	135
Less comprehensive income attributable to noncontrolling interests:				
Net income	1	—	3	1
Currency translation adjustments	(2)	1	(3)	(1)
Amounts attributable to noncontrolling interests	(1)	1	—	—
Comprehensive income attributable to NCR common stockholders	$57	$88	$122	$135

See Notes to Condensed Consolidated Financial Statements.

NCR Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	June 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$460	$ 1,069
Accounts receivable, net	1,266	1,086
Inventories, net	825	797
Other current assets	525	454
Total current assets	3,076	3,406
Property, plant and equipment, net	327	308
Goodwill	1,455	1,003
Intangibles, net	490	304
Prepaid pension cost	394	368
Deferred income taxes	536	534
Other assets	428	448
Total assets	$6,706	$ 6,371
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	$85	$ 72
Accounts payable	582	611
Payroll and benefits liabilities	208	197
Deferred service revenue and customer deposits	543	455
Other current liabilities	420	407
Total current liabilities	1,838	1,742
Long-term debt	2,079	1,891
Pension and indemnity plan liabilities	738	812
Postretirement and postemployment benefits liabilities	191	246
Income tax accruals	139	138
Environmental liabilities	137	171
Other liabilities	100	79
Total liabilities	5,222	5,079
Commitments and Contingencies (Note 10)		
Redeemable noncontrolling interest	16	15
Stockholders' equity		
NCR stockholders' equity		
Preferred stock: par value $0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of June 30, 2013 and December 31, 2012	—	—
Common stock: par value $0.01 per share, 500.0 shares authorized, 165.9 and 162.8 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively	2	2
Paid-in capital	419	358
Retained earnings	1,231	1,084
Accumulated other comprehensive loss	(222)	(197)
Total NCR stockholders' equity	1,430	1,247
Noncontrolling interests in subsidiaries	38	30
Total stockholders' equity	1,468	1,277

Total liabilities and stockholders’ equity	$6,706	$ 6,371

See Notes to Condensed Consolidated Financial Statements.

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NCR Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Six months ended June 30 2013	2012
Operating activities		
Net income	$150	$153
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Loss (income) from discontinued operations	1	(4)
Depreciation and amortization	97	81
Stock-based compensation expense	22	22
Deferred income taxes	(10)	23
Gain on sale of property, plant and equipment and other assets	(5)	(7)
Impairment of long-lived and other assets	—	7
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):		
Receivables	(67)	(47)
Inventories	(25)	(40)
Current payables and accrued expenses	(34)	(4)
Deferred service revenue and customer deposits	56	50
Employee severance and pension	(132)	(54)
Other assets and liabilities	(64)	(60)
Net cash (used in) provided by operating activities	(11)	120
Investing activities		
Expenditures for property, plant and equipment	(44)	(31)
Proceeds from sales of property, plant and equipment	2	8
Additions to capitalized software	(45)	(37)
Business acquisitions, net	(696)	(25)
Other investing activities, net	6	8
Net cash used in investing activities	(777)	(77)
Financing activities		
Tax withholding payments on behalf of employees	(27)	(9)
Short term borrowings, net	6	2
Payments on term credit facility	(35)	—
Payments on revolving credit facility	(495)	(305)
Borrowings on revolving credit facility	725	190
Debt issuance costs	(3)	—
Proceeds from employee stock plans	45	13
Net cash provided by (used in) financing activities	216	(109)
Cash flows from discontinued operations		
Net cash used in operating activities	(24)	(44)
Net cash provided by investing activities	—	98
Net cash (used in) provided by discontinued operations	(24)	54
Effect of exchange rate changes on cash and cash equivalents	(13)	(9)
Decrease in cash and cash equivalents	(609)	(21)
Cash and cash equivalents at beginning of period	1,069	398
Cash and cash equivalents at end of period	$460	$377

See Notes to Condensed Consolidated Financial Statements.

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NCR Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Condensed Consolidated Financial Statements have been prepared by NCR Corporation (NCR, the Company, we or us) without audit pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments (consisting of normal, recurring adjustments, unless otherwise disclosed) necessary for a fair statement of the consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for the interim periods are not necessarily indicative of results to be expected for the full year. The 2012 year-end Condensed Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States (GAAP). These financial statements should be read in conjunction with NCR's Form 10-K for the year ended December 31, 2012.

On February 6, 2013, the Company completed the acquisition of Retalix Ltd. (Retalix). As a result of the acquisition, the results of Retalix are included for the period from February 6, 2013 to June 30, 2013. See Note 4, "Acquisitions," for additional information.

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

Evaluation of Subsequent Events The Company evaluated subsequent events through the date that our Condensed Consolidated Financial Statements were issued. Except as described in Note 18, "Subsequent Events," no matters were identified that required adjustment of the Condensed Consolidated Financial Statements or additional disclosure.

Reclassifications Certain prior-period amounts have been reclassified in the accompanying Condensed Consolidated Financial Statements and Notes thereto in order to conform to the current period presentation.

Related Party Transactions In 2011, concurrent with the sale of a noncontrolling interest in our subsidiary, NCR Brasil - Indústria de Equipamentos para Automação S.A., to Scopus Tecnologia Ltda. (Scopus), we entered into a Master Purchase Agreement (MPA) with Banco Bradesco SA (Bradesco), the parent of Scopus. Through the MPA, Bradesco agreed to purchase up to 30,000 ATMs from us over the 5-year term of the agreement. Pricing of the ATMs will adjust over the term of the MPA using certain formulas which are based on prevailing market pricing. We recognized revenue related to Bradesco totaling $36 million and $77 million during the three and six months ended June 30, 2013 as compared to $28 million and $55 million during the three and six months ended June 30, 2012. As of June 30, 2013 and December 31, 2012, we had $15 million and $9 million, respectively, in receivables outstanding from Bradesco.

Recent Accounting Pronouncements

Adopted

In February 2013, the Financial Accounting Standards Board (FASB) issued an accounting standards update requiring new disclosures about reclassifications from accumulated other comprehensive loss to net income. These disclosures may be presented on the face of the consolidated financial statements or in the notes thereto. The standards update is effective for fiscal years beginning after December 15, 2012. We adopted this standards update and included the additional disclosure, as required, in the first quarter of 2013. See Note 16, "Accumulated Other Comprehensive

Income (Loss)," for additional information.

Issued

In February 2013, the FASB issued changes to the accounting for obligations resulting from joint and several liability arrangements. These changes require an entity to measure those joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The total amount of the obligations is determined as the sum of (i) the amount the reporting entity agreed to pay on the basis of its arrangement with its co-obligors, and (ii) any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. Examples of obligations subject to these requirements include debt arrangements, settled litigation and judicial rulings. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, with early adoption permitted. The implementation of the amended accounting guidance on January 1, 2014 is not expected to have a material impact on our consolidated financial statements.

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In March 2013, the FASB issued amendments to address the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The amendments are effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013, with early adoption permitted. The initial adoption on January 1, 2014 is not expected to have a material impact our consolidated financial statements.

2. PENSION BENEFIT PLAN ACCOUNTING METHODOLOGY CHANGES

Effective in the first quarter of 2013, we elected to change our accounting methodology for recognizing costs for all of our company-sponsored U.S. and international pension benefit plans. Previously, net actuarial gains or losses (except those differences not yet reflected in the market-related value) were only amortized to the extent that they exceeded 10% of the higher of the market-related value or the projected benefit obligation of each respective plan. Beginning in 2012, the losses associated with the U.S. qualified pension plan and our largest UK pension plan were amortized over the expected remaining lifetime of plan participants instead of the expected service period of active plan participants, because almost all of the participants were inactive. For our other U.S. and international plans, the gains or losses were amortized over the expected service period of the active plan participants. Further, the expected return on plan assets component of pension expense for our U.S. pension plan was previously determined using the expected rate of return and a calculated value of assets, referred to as the “market-related value.” Differences between the assumed and actual returns were reflected in market-related value on a straight-line basis over a 5-year period. Differences in excess of 10% of the market value were recognized immediately. Similar approaches were employed in determining expense for NCR's international plans.

Under our new accounting methods, we will recognize changes in the fair value of plan assets and net actuarial gains or losses upon remeasurement, which is at least annually in the fourth quarter of each year. These new accounting methods will result in changes in the fair value of plan assets and net actuarial gains and losses being recognized in expense faster than under our previous amortization method. The remaining components of pension expense, primarily net service cost, interest cost, and the expected return on plan assets, will be recorded on a quarterly basis as ongoing pension expense. While our previous policy of recognizing pension expense was acceptable, we believe that these new policies are preferable as they accelerate the recognition in our operating results of changes in the fair value of plan assets and actuarial gains and losses.

These changes have been reported through retrospective application of the new policies to all periods presented. We recorded a cumulative reduction of retained earnings as of December 31, 2012 (the most recent measurement date prior to the change) of $1,050 million related to these changes in accounting methodology. The impact of all adjustments made to the financial statements presented is summarized below (amounts in millions, except per share data):

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

	Three months ended June 30				Six months ended June 30			
	2013		2012		2013		2012	
In millions, except per share amounts	Previous Accounting Method	As Reported	Previously Reported	Adjusted	Previous Accounting Method	As Reported	Previously Reported	Adjusted
Condensed Consolidated Statements of Operations (Unaudited):								
Cost of products	$553	$550	$533	$532	$1,058	$1,053	$979	$977
Cost of services	591	559	519	503	1,153	1,097	1,019	987
Selling, general and administrative expenses	248	232	203	195	489	461	402	386
Research and development expenses	61	55	53	49	120	110	103	95
Total operating expenses	1,453	1,396	1,308	1,279	2,820	2,721	2,503	2,445
Income from operations	82	139	101	130	125	224	150	208
Income from continuing operations before income taxes	53	110	88	117	77	176	126	184
Income tax expense	10	23	21	28	—	25	20	35
Income from continuing operations	43	87	67	89	77	151	106	149
Net income	43	87	80	102	76	150	110	153
Net income attributable to NCR	$42	$86	$80	$102	$73	$147	$109	$152
Amounts attributable to NCR common stockholders:								
Income from continuing operations	42	86	67	89	74	148	105	148
Income per share attributable to NCR common stockholders:								
Income per common share from continuing operations								
Basic	$0.25	$0.52	$0.42	$0.56	$0.45	$0.90	$0.66	$0.93
Diluted	$0.25	$0.51	$0.41	$0.54	$0.44	$0.88	$0.64	$0.91
Net income per common share								
Basic	$0.25	$0.52	$0.50	$0.64	$0.44	$0.89	$0.69	$0.96
Diluted	$0.25	$0.51	$0.49	$0.62	$0.43	$0.87	$0.67	$0.93
Condensed Consolidated Statements of Comprehensive Income (Unaudited):								
Net income	$43	$87	$80	$102	$76	$150	$110	$153
Employee benefit plans								
Net gain arising during the year	22	—	—	—	80	48	—	—
Actuarial loss included in benefits expense	33	1	32	4	64	3	63	8

Less income tax effect	(14)	2	(6)	1	(36)	(10)	(12)	2
Total comprehensive income	50	56	89	89	116	122	134	135
Comprehensive income attributable to NCR common stockholders	$51	$57	$89	$88	$116	$122	$135	$135

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

Condensed Consolidated Balance Sheets (Unaudited):	June 30, 2013 Previous Accounting Method	As Reported
Prepaid pension cost	391	394
Total assets	6,703	6,706
Other current liabilities	425	420
Total current liabilities	1,843	1,838
Total liabilities	5,227	5,222
Retained earnings	1,987	1,231
Accumulated other comprehensive loss	(986)	(222)
Total NCR stockholders' equity	1,422	1,430
Total stockholders' equity	1,460	1,468
Total liabilities and stockholders' equity	6,703	6,706

Condensed Consolidated Balance Sheets (Unaudited):	December 31, 2012 Previously Reported	Adjusted
Retained earnings	2,134	1,084
Accumulated other comprehensive loss	(1,247)	(197)

Condensed Consolidated Statements of Cash Flows (Unaudited):	Six months ended June 30 2013 Previous Accounting Method	As Reported	2012 Previously Reported	Adjusted
Net income	76	150	110	153
Deferred income taxes	(35)	(10)	8	23
Employee severance and pension	(33)	(132)	4	(54)

3. SUPPLEMENTAL FINANCIAL INFORMATION
The components of accounts receivable are summarized as follows:

In millions	June 30, 2013	December 31, 2012
Accounts receivable		
Trade	$1,244	$1,056
Other	42	46
Accounts receivable, gross	1,286	1,102
Less: allowance for doubtful accounts	(20)	(16)
Total accounts receivable, net	$1,266	$1,086

The components of inventory are summarized as follows:

In millions	June 30, 2013	December 31, 2012
Inventories, net		
Work in process and raw materials	$162	$187
Finished goods	208	167
Service parts	455	443
Total inventories, net	$825	$797

4. ACQUISITIONS

Acquisition of Retalix Ltd. On February 6, 2013, NCR completed its acquisition of Retalix. In the acquisition, NCR paid an aggregate cash purchase price of $791 million which includes $3 million to be recognized as compensation expense within selling, general and administrative expenses over a period of approximately three years from the acquisition date. The purchase price was paid from the net proceeds from the December 2012 offer and sale of NCR's 4.625% senior unsecured notes and borrowing under NCR's senior secured credit facility. As a result of the acquisition, Retalix is now an indirect wholly owned subsidiary of NCR.

Retalix is a leading global provider of innovative retail software and services that transact billions of dollars in annual retail sales across its platform. The acquisition is consistent with NCR's continued transformation to a hardware-enabled, software-driven business model. Retalix's strength with blue-chip retailers is highly complementary and provides additional sales opportunities across the combined installed base.

Recording of Assets Acquired and Liabilities Assumed

The fair value of consideration transferred to acquire Retalix was allocated to the identifiable assets acquired and liabilities assumed based upon their estimated fair market values as of the date of the acquisition as set forth below. The Company's purchase price allocation for Retalix is preliminary and subject to revision as additional information about fair value of the assets and liabilities becomes available. Additional information that existed as of the acquisition date but at that time was unknown to the Company, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the acquisition date. Adjustments in the purchase price allocation may require a recasting of the amounts allocated to goodwill retroactive to the period in which the acquisition occurred.

The adjusted preliminary allocation of the purchase price for Retalix is as follows:

In millions	Fair Value	
Cash and cash equivalents	$127	
Accounts receivable	109	
Other tangible assets	56	
Acquired goodwill	437	
Acquired intangible assets other than goodwill	205	
Deferred tax liabilities	(30	)
Liabilities assumed	(116	)
Total purchase consideration	$788	

Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from the acquisition consists of the margin and cost synergies expected from combining the operations of NCR and Retalix. It is expected that approximately $33 million of the goodwill recognized in connection with the acquisition will be deductible for tax purposes. The goodwill arising from the acquisition has been allocated to the Retail Solutions segment. Refer to Note 5, "Goodwill and Purchased Intangible Assets" for the carrying amounts of goodwill by segment as of June 30, 2013.

The intangible assets acquired in the acquisition include the following:

	Estimated Fair Value	Weighted Average Amortization Period[1]
	(In millions)	(years)
Direct customer relationships	$121	20
Technology - Software	74	5
Trademarks	10	6
Total acquired intangible assets	$205	14

(1) Determination of the weighted average amortization period of the individual categories of intangible assets was based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with definite lives is recognized over the period of time the assets are expected to contribute to future cash flows.

The Company has incurred a total of $9 million of transaction expenses to date relating to the acquisition, of which $6 million are included in selling, general and administrative expenses in the Company's Condensed Consolidated Statement of Operations for the six months ended June 30, 2013.

Unaudited Pro forma Information

The following unaudited pro forma information presents the consolidated results of NCR and Retalix for the three and six months ended June 30, 2013 and 2012. The unaudited pro forma information is presented for illustrative purposes only. It is not necessarily indicative of the results of operations of future periods, or the results of operations that actually would have been realized had the entities been a single company during the periods presented or the results that the combined company will experience after the acquisition. The unaudited pro forma information does not give effect to the potential impact of current financial conditions, regulatory matters or any anticipated synergies, operating efficiencies or cost savings that may be associated with the acquisition. The unaudited pro forma information also does not include any integration costs or remaining future transaction costs that the companies may incur related to the acquisition as part of combining the operations of the companies.

The unaudited pro forma consolidated results of operations, assuming the acquisition had occurred on January 1, 2012, are as follows:

	Three months ended June 30		Six months ended June 30	
In millions	2013	2012	2013	2012
Revenue	$1,539	$1,473	$2,973	$2,776
Net income attributable to NCR	$88	$95	$149	$131

The unaudited pro forma results for the three and six months ended June 30, 2013 include:

- $4 million and $8 million, respectively, in additional revenue associated with deferred revenue acquired, assuming the deferred revenue was acquired on January 1, 2012,
- $2 million, net of tax, in additional amortization expense for acquired intangible assets in the six months ended June 30, 2013, and
- $5 million, net of tax, in eliminated transaction costs for the six months ended June 30, 2013 as if those costs had been recognized in the prior-year period.

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

The unaudited pro forma results for the three and six months ended June 30, 2012 include:

- $4 million and $11 million, respectively, in reduced revenue associated with deferred revenue acquired,
- $3 million and $7 million, respectively, net of tax, in additional amortization expense for acquired intangible assets,
- $5 million and $10 million, respectively, net of tax, in interest expense from the 4.625% senior unsecured notes and senior secured credit facility, and
- $5 million, net of tax, in transaction costs for the six months ended June 30, 2012.

Other Acquisitions During the six months ended June 30, 2013, the Company completed five additional acquisitions for aggregate cash consideration of approximately $31 million, plus related acquisition costs. Goodwill recognized related to these acquisitions was $23 million, of which it is expected that $19 million will be deductible for tax purposes. The goodwill arising from these acquisitions has been allocated to the Hospitality segment. Supplemental pro forma information and actual revenue and earnings since the acquisition dates have not been provided as these acquisitions did not have a material impact, individually or in the aggregate, on the Company's Condensed Consolidated Statements of Operations.

5. GOODWILL AND PURCHASED INTANGIBLE ASSETS

Goodwill

The carrying amounts of goodwill by segment as of June 30, 2013 and December 31, 2012 are included in the table below. Foreign currency fluctuations are included within other adjustments.

	December 31, 2012						June 30, 2013		
In millions	Goodwill	Accumulated Impairment Losses	Total	Additions	Impairment	Other	Goodwill	Accumulated Impairment Losses	Total
Financial Services	$202	$—	$202	$—	$—	$(2)	$200	$—	$200
Retail Solutions	120	(3)	117	437	—	—	557	(3)	554
Hospitality	659	—	659	23	—	(5)	677	—	677
Entertainment	5	(5)	—	—	—	—	5	(5)	—
Emerging Industries	25	—	25	—	—	(1)	24	—	24
Total goodwill	$1,011	$(8)	$1,003	$460	$—	$(8)	$1,463	$(8)	$1,455

Purchased Intangible Assets

NCR's purchased intangible assets, reported in intangibles, net in the Condensed Consolidated Balance Sheets, were specifically identified when acquired, and are deemed to have finite lives. The gross carrying amount and accumulated amortization for NCR's identifiable intangible assets were as set forth in the table below. The increase in the gross carrying amount is primarily due to the acquisitions detailed in Note 4, "Acquisitions."

		June 30, 2013		December 31, 2012	
In millions	Amortization Period (in Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization

Identifiable intangible assets
Reseller & customer relationships