



TERADATA CORPORATION
RECONCILIATION OF RESULTS - NON-GAAP TO GAAP
(Unaudited)

Reflects the Impact of Special Items
(in millions, except per share amounts)

For the Periods Ended December 31

Three Months

	2011				2010				% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense ²	Other Special Items ²	Non-GAAP Excluding Stock Comp. Expense and Special Items ¹	GAAP	Equity Compensation Expense ³	Other Special Items ³	Non-GAAP Excluding Stock Comp. Expense and Special Items ¹	
Revenue									
Products	\$ 331	\$ -	\$ (2)	\$ 333	\$ 267	\$ -	\$ -	\$ 267	25%
Services	342	-	(1)	343	281	-	-	281	22%
Total revenue	673	-	(3)	676	548	-	-	548	23%
Gross margin									
Products	221	-	(5)	226	176	-	-	176	28%
% of Revenue	66.8%			67.9%	65.9%			65.9%	
Services	153	(1)	(2)	156	129	(1)	-	130	20%
% of Revenue	44.7%			45.5%	45.9%			46.3%	
Total gross margin	374	(1)	(7)	382	305	(1)	-	306	25%
% of Revenue	55.6%			56.5%	55.7%			55.8%	
Selling, general and administrative expenses	185	8	2	175	149	7	-	142	
Research and development expenses	56	1	3	52	39	-	-	39	
Total expenses	241	9	5	227	188	7	-	181	25%
% of Revenue	35.8%			33.6%	34.3%			33.0%	
Income from operations	133	(10)	(12)	155	117	(8)	-	125	24%
% of Revenue	19.8%			22.9%	21.4%			22.8%	
Other (expense) income, net	-	-	-	-	(1)	-	-	(1)	
Income before income taxes	133	(10)	(12)	155	116	(8)	-	124	25%
Income tax expense	35	(4)	(3)	42	31	(3)	-	34	
% Tax rate	26%			27%	27%	0.7%	0.0%	27%	
Net income	\$ 98	\$ (6)	\$ (9)	\$ 113	\$ 85	\$ (5)	\$ -	\$ 90	26%
% of Revenue	14.6%			16.7%	15.5%			16.4%	
Net income per common share									
Basic income per share	\$ 0.59	\$ (0.04)	\$ (0.05)	\$ 0.68	\$ 0.51	\$ (0.03)	\$ -	\$ 0.54	26%
Diluted income per share	\$ 0.57	\$ (0.04)	\$ (0.05)	\$ 0.66	\$ 0.50	\$ (0.03)	\$ -	\$ 0.53	25%
Weighted average common shares outstanding									
Basic	167.4			167.4	167.7			167.7	
Diluted	171.3			171.3	171.0			171.0	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the company. Non-GAAP measures should not be used as a substitute for, or superior to, the company's reported GAAP results.

2) Special items for the three months ended December 31, 2011 includes \$10 million (\$6 million after-tax) for equity compensation expense, as well as \$2 million for acquisition-related purchase accounting adjustments, \$4 million for acquisition-related transaction, integration and reorganization expenses, and \$6 million for amortization of acquired intangible assets, offset by a cumulative offsetting tax impact of \$3 million.

3) Special items for the three months ended December 31, 2010 includes \$8 million (\$5 million after-tax) for equity compensation expense.



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For the Periods Ended December 31
Twelve Months

	2011				2010				% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense ²	Other Special Items ²	Non-GAAP Excluding Stock Comp. Expense and Special Items ¹	GAAP	Equity Compensation Expense ³	Other Special Items ³	Non-GAAP Excluding Stock Comp. Expense and Special Items ¹	
Revenue									
Products	\$ 1,122	\$ -	\$ (15)	\$ 1,137	\$ 933	\$ -	\$ -	\$ 933	22%
Services	1,240	-	(6)	1,246	1,003	-	-	1,003	24%
Total revenue	2,362	-	(21)	2,383	1,936	-	-	1,936	23%
Gross margin									
Products	741	-	(29)	770	627	-	-	627	23%
% of Revenue	66.0%			67.7%	67.2%			67.2%	
Services	552	(4)	(6)	562	461	(3)	-	464	21%
% of Revenue	44.5%			45.1%	46.0%			46.3%	
Total gross margin	1,293	(4)	(35)	1,332	1,088	(3)	-	1,091	22%
% of Revenue	54.7%			55.9%	56.2%			56.4%	
Selling, general and administrative expenses	663	27	22	614	526	20	-	506	
Research and development expenses	174	4	9	161	147	3	-	144	
Total expenses	837	31	31	775	673	23	-	650	19%
% of Revenue	35.4%			32.5%	34.8%			33.6%	
Income from operations	456	(35)	(66)	557	415	(26)	-	441	26%
% of Revenue	19.3%			23.4%	21.4%			22.8%	
Other income (expense), net	25	-	28	(3)	(1)	-	-	(1)	
Income before income taxes	481	(35)	(38)	554	414	(26)	-	440	26%
Income tax expense	128	(13)	(14)	155	113	(10)	-	123	
% Tax rate	27%			28%	27%	0.7%	0.0%	28%	
Net income	\$ 353	\$ (22)	\$ (24)	\$ 399	\$ 301	\$ (16)	\$ -	\$ 317	26%
% of Revenue	14.9%			16.7%	15.5%			16.4%	
Net income per common share									
Basic income per share	\$ 2.10	\$ (0.13)	\$ (0.14)	\$ 2.37	\$ 1.80	\$ (0.09)	\$ -	\$ 1.89	25%
Diluted income per share	\$ 2.05	\$ (0.13)	\$ (0.14)	\$ 2.32	\$ 1.77	\$ (0.09)	\$ -	\$ 1.86	25%
Weighted average common shares outstanding									
Basic	168.1			168.1	167.4			167.4	
Diluted	171.9			171.9	170.4			170.4	

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2) Special items for the twelve months ended December 31, 2011 includes \$35 million (\$22 million after-tax) for equity compensation expense, as well as \$17 million for acquisition-related purchase accounting adjustments, \$25 million for acquisition-related transaction, integration and reorganization expenses, and \$24 million for amortization of acquired intangible assets, offset by a \$28 million gain on equity investments due to purchase and sale transactions, and a cumulative offsetting tax impact of \$14 million.

3) Special items for the twelve months ended December 31, 2010 includes \$26 million (\$16 million after-tax) for equity compensation expense.

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Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended December 31		Twelve Months Ended December 31	
	2011	2010	2011	2010
Net Income (GAAP)	\$ 98	\$ 85	\$ 353	\$ 301
Net cash provided by operating activities (GAAP)	\$ 126	\$ 148	\$ 513	\$ 413
Less capital expenditures for:				
Expenditures for property and equipment	(11)	(9)	(42)	(34)
Additions to capitalized software	(12)	(12)	(68)	(49)
Free Cash Flow (non-GAAP measure)¹	\$ 103	\$ 127	\$ 403	\$ 330

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the company and believes it is useful for investors because it relates the operating cash flow of the company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of company stock and repay the company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

Teradata calculates total research and development spend, a non-GAAP financial measure, as follows:

	Three Months Ended December 31		Twelve Months Ended December 31	
	2011	2010	2011	2010
Research and development expenses (GAAP)	\$ 56	\$ 39	\$ 174	\$ 147
Less				
Equity compensation expense ²	(1)	-	(4)	(3)
Other special items ²	(3)	-	(9)	-
Research and development expenses (non-GAAP)¹	\$ 52	\$ 39	\$ 161	\$ 144
Additions to capitalized software (GAAP)	12	12	68	49
Less				
Internal-use software	(1)	(1)	(5)	(5)
External-use software	11	11	63	44
Total research and development spend (non-GAAP)¹	\$ 63	\$ 50	\$ 224	\$ 188

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2) Special items for the three and twelve months ended December 31, 2011 include \$1 million and \$4 million for equity compensation expense, as well as \$3 million and \$9 million for acquisition-related transaction, integration and reorganization expenses, and amortization of acquired intangible assets. Special items for the three and twelve months ended December 31, 2010 include \$0 million and \$3 million for equity compensation expense.