TERADATA CORPORATION
RECONCILIATION OF RESULTS - NON-GAAP TO GAAP
Reflects The Impact of Special Items
(in millions, except per share amounts - unaudited)

For the Three Months Ended March 31

	2014				2013				
	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]	% Change Non-GAAP Yr/Yr
Revenue									
Products	**$ 273**	$ -	$ -	$ 273	**$ 249**	$ -	$ -	$ 249	10%
Services	**355**	-	-	355	**$ 338**	-	-	338	5%
Total revenue	**628**	-	-	628	**587**	-	-	587	7%
Gross margin									
Products	**181**	-	(5)	186	**$ 156**	-	(4)	160	16%
% of Revenue	**66.3%**			68.1%	**62.7%**			64.3%	
Services	**152**	(3)	(4)	159	**149**	(1)	(3)	153	4%
% of Revenue	**42.8%**			44.8%	**44.1%**			45.3%	
Total gross margin	**333**	(3)	(9)	345	**305**	(1)	(7)	313	10%
% of Revenue	**53.0%**			54.9%	**52.0%**			53.3%	
Selling, general and administrative expenses	**188**	7	6	175	**179**	10	5	164	7%
Research and development expenses	**56**	2	9	45	**50**	2	3	45	0%
Total expenses	**244**	9	15	220	**229**	12	8	209	5%
% of Revenue	**38.9%**			35.0%	**39.0%**			35.6%	
Income from operations	**89**	(12)	(24)	125	**76**	(13)	(15)	104	20%
% of Revenue	**14.2%**			19.9%	**12.9%**			17.7%	
Other expense, net	**(7)**	-	(7)	-	**(1)**	-	-	(1)	
Income before income taxes	**82**	(12)	(31)	125	**75**	(13)	(15)	103	21%
Income tax expense	**23**	(4)	(11)	38	**16**	(5)	(9)	30	
% Tax rate	**28.0%**			30.4%	**21.3%**			29.1%	
Net income	**$ 59**	$ (8)	$ (20)	$ 87	**$ 59**	$ (8)	$ (6)	$ 73	19%
% of Revenue	**9.4%**			13.9%	**10.1%**			12.4%	
Net income per common share									
Basic income per share	**$ 0.37**	$ (0.05)	$ (0.13)	$ 0.55	**$ 0.36**	$ (0.05)	$ (0.03)	$ 0.44	25%
Diluted income per share	**$ 0.37**	$ (0.05)	$ (0.12)	$ 0.54	**$ 0.35**	$ (0.05)	$ (0.03)	$ 0.43	26%
Weighted average common shares outstanding									
Basic	**158.4**			158.4	**165.4**			165.4	
Diluted	**160.9**			160.9	**168.5**			168.5	

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 March 31, 2014 include $12 million ($8 million after-tax) for equity compensation expense, $12 million ($8 million after-tax) for amortization of acquired intangible assets, $12 million ($7 million after-tax) for acquisition-related transaction, integration and reorganization expenses and $7 million ($5 million after-tax) for costs related to net losses on equity investments.

3) Special items for the three months ended March 31, 2013 include $13 million ($8 million after-tax) for equity compensation expense, $12 million ($8 million after-tax) for amortization of acquired intangible assets, $3 million ($2 million after-tax) for acquisition-related transaction and integration expenses, offset by a $4 million tax credit due to the 2012 U.S. R&D tax credit, which was not enacted until 2013.

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

	For the Three Months Ended March 31	
	2014	**2013**
Net Income (GAAP)	$ 59	$ 59
Net cash provided by operating activities (GAAP)	**$ 343**	**$ 243**
Less capital expenditures for:		
Expenditures for property and equipment	(12)	(10)
Additions to capitalized software	(21)	(17)
Free Cash Flow (non-GAAP measure) [1]	**$ 310**	**$ 216**

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:

	For the Three Months Ended March 31	
	2014	**2013**
Research and development expenses (GAAP)	**$ 56**	**$ 50**
Less		
Equity compensation expense[2]	(2)	(2)
Other special items[2]	(9)	(3)
Research and development expenses (non-GAAP)[1]	**45**	**45**
Additions to capitalized software (GAAP)	**21**	**17**
Less		
Internal-use software	(2)	(1)
External-use software	**19**	**16**
Total research and development spend (non-GAAP)[1]	**$ 64**	**$ 61**
% of Product Revenue	23.4%	24.5%

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 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 March 31, 2014 include $2 million for equity compensation expense, as well as $9 million for for acquisition-related transaction, reorganization and integration expenses, and amortization of acquired intangible assets. Special items for the three months ended March 31, 2013 include include $2 million for equity compensation expense, as well as $3 million for for acquisition-related transaction and integration expenses and amortization of acquired intangible assets.