



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 March 31

	2012				2011				% 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	\$ 308	\$ -	\$ -	\$ 308	\$ 235	\$ -	\$ (6)	\$ 241	28%
Services	305	-	(2)	307	271	-	-	271	13%
Total revenue	613	-	(2)	615	506	-	(6)	512	20%
Gross margin									
Products	205	-	(4)	209	156	-	(7)	163	28%
% of Revenue	66.6%			67.9%	66.4%			67.6%	
Services	133	(1)	(1)	135	119	(1)	(2)	122	11%
% of Revenue	43.6%			44.0%	43.9%			45.0%	
Total gross margin	338	(1)	(5)	344	275	(1)	(9)	285	21%
% of Revenue	55.1%			55.9%	54.3%			55.7%	
Selling, general and administrative expenses	165	8	3	154	150	7	7	136	
Research and development expenses	46	2	1	43	34	1	-	33	
Total expenses	211	10	4	197	184	8	7	169	17%
% of Revenue	34.4%			32.0%	36.4%			33.0%	
Income from operations	127	(11)	(9)	147	91	(9)	(16)	116	27%
% of Revenue	20.7%			23.9%	18.0%			22.7%	
Other expense, net	(1)	-	-	(1)	(1)	-	-	(1)	
Income before income taxes	126	(11)	(9)	146	90	(9)	(16)	115	27%
Income tax expense	35	(4)	(4)	43	25	(3)	(5)	33	
% Tax rate	28%			29%	28%			29%	
Net income	\$ 91	\$ (7)	\$ (5)	\$ 103	\$ 65	\$ (6)	\$ (11)	\$ 82	26%
% of Revenue	14.8%			16.7%	12.8%			16.0%	
Net income per common share									
Basic income per share	\$ 0.54	\$ (0.04)	\$ (0.03)	\$ 0.61	\$ 0.39	\$ (0.04)	\$ (0.06)	\$ 0.49	24%
Diluted income per share	\$ 0.53	\$ (0.04)	\$ (0.03)	\$ 0.60	\$ 0.38	\$ (0.04)	\$ (0.06)	\$ 0.48	25%
Weighted average common shares outstanding									
Basic	167.9			167.9	168.4			168.4	
Diluted	171.6			171.6	171.8			171.8	

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, 2012 include \$11 million (\$7 million after-tax) for equity compensation expense, as well as \$7 million for amortization of acquired intangible assets, \$1 million for acquisition-related purchase accounting adjustments, and \$1 million for acquisition-related transaction, integration and reorganization expenses, offset by a cumulative offsetting tax impact of \$4 million.

3) Special items for the three months ended March 31, 2011 include \$9 million (\$6 million after-tax) for equity compensation expense, as well as \$6 million for acquisition-related purchase accounting adjustments, \$7 million for acquisition-related transaction, integration and reorganization expenses, and \$3 million for amortization of acquired intangible assets, with an offsetting tax impact of \$5 million.

TERADATA

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

	Three Months Ended March 31	
	2012	2011
Net Income (GAAP)	\$ 91	\$ 65
Net cash provided by operating activities (GAAP)	\$ 192	\$ 106
Less capital expenditures for:		
Expenditures for property and equipment	(12)	(8)
Additions to capitalized software	(18)	(19)
Free Cash Flow (non-GAAP measure) ¹	\$ 162	\$ 79

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 March 31	
	2012	2011
Research and development expenses (GAAP)	\$ 46	\$ 34
Less		
Equity compensation expense ²	(2)	(1)
Other special items ²	(1)	-
Research and development expenses (non-GAAP)¹	43	33
Additions to capitalized software (GAAP)	18	19
Less		
Internal-use software	(2)	(1)
External-use software	16	18
Total research and development spend (non-GAAP)¹	\$ 59	\$ 51

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2) Special items for the three months ended March 31, 2012 include \$2 million for equity compensation expense, as well as \$1 million for for acquisition-related transaction, integration and reorganization expenses, and amortization of acquired intangible assets. Special items for the three months ended March 31, 2011 include \$1 million for equity compensation expense.