



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 June 30

Three Months

	2013				2012				% 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	\$ 303	\$ -	\$ -	\$ 303	\$ 321	\$ -	\$ -	\$ 321	-6%
Services	367	-	-	367	344	-	(2)	346	6%
Total revenue	670	-	-	670	665	-	(2)	667	0%
Gross margin									
Products	202	-	(5)	207	222	-	(4)	226	-8%
% of Revenue	66.7%			68.3%	69.2%			70.4%	
Services	177	(2)	(2)	181	160	(1)	(3)	164	10%
% of Revenue	48.2%			49.3%	46.5%			47.4%	
Total gross margin	379	(2)	(7)	388	382	(1)	(7)	390	-1%
% of Revenue	56.6%			57.9%	57.4%			58.5%	
Selling, general and administrative expenses	185	9	5	171	179	8	9	162	6%
Research and development expenses	47	3	1	43	43	1	2	40	8%
Total expenses	232	12	6	214	222	9	11	202	6%
% of Revenue	34.6%			31.9%	33.4%			30.3%	
Income from operations	147	(14)	(13)	174	160	(10)	(18)	188	-7%
% of Revenue	21.9%			26.0%	24.1%			28.2%	
Other expense, net	-	-	-	-	-	-	-	-	
Income before income taxes	147	(14)	(13)	174	160	(10)	(18)	188	-7%
Income tax expense	39	(4)	(5)	48	48	(4)	(4)	56	
% Tax rate	26.5%			27.6%	30.0%			29.8%	
Net income	\$ 108	\$ (10)	\$ (8)	\$ 126	\$ 112	\$ (6)	\$ (14)	\$ 132	-5%
% of Revenue	16.1%			18.8%	16.8%			19.8%	
Net income per common share									
Basic income per share	\$ 0.66	\$ (0.06)	\$ (0.05)	\$ 0.77	\$ 0.66	\$ (0.04)	\$ (0.08)	\$ 0.78	-1%
Diluted income per share	\$ 0.65	\$ (0.06)	\$ (0.05)	\$ 0.76	\$ 0.65	\$ (0.04)	\$ (0.08)	\$ 0.77	-1%
Weighted average common shares outstanding									
Basic	163.4			163.4	168.7			168.7	
Diluted	166.3			166.3	172.3			172.3	

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 June 30, 2013 include \$14 million (\$10 million after-tax) for equity compensation expense, \$10 million (\$6 million after-tax) for amortization of acquired intangible assets, and \$3 million (\$2 million after-tax) for acquisition-related transaction and integration expenses.

3) Special items for the three months ended June 30, 2012 include \$10 million (\$6 million after-tax) for equity compensation expense, as well as \$8 million for amortization of acquired intangible assets, \$1 million for acquisition-related purchase accounting adjustments, and \$9 million for acquisition-related transaction and integration expenses, with a cumulative offsetting tax impact of \$4 million.



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 June 30

Six Months

	2013				2012				% 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	\$ 552	\$ -	\$ -	\$ 552	\$ 629	\$ -	\$ -	\$ 629	-12%
Services	705	-	-	705	649	-	(4)	653	8%
Total revenue	1,257	-	-	1,257	1,278	-	(4)	1,282	-2%
Gross margin									
Products	358	-	(9)	367	427	-	(8)	435	-16%
% of Revenue	64.9%			66.5%	67.9%			69.2%	
Services	326	(3)	(5)	334	293	(2)	(4)	299	12%
% of Revenue	46.2%			47.4%	45.1%			45.8%	
Total gross margin	684	(3)	(14)	701	720	(2)	(12)	734	-4%
% of Revenue	54.4%			55.8%	56.3%			57.3%	
Selling, general and administrative expenses	364	19	10	335	344	16	12	316	6%
Research and development expenses	97	5	4	88	89	3	3	83	6%
Total expenses	461	24	14	423	433	19	15	399	6%
% of Revenue	36.7%			33.7%	33.9%			31.1%	
Income from operations	223	(27)	(28)	278	287	(21)	(27)	335	-17%
% of Revenue	17.7%			22.1%	22.5%			26.1%	
Other expense, net	(1)	-	-	(1)	(1)	-	-	(1)	
Income before income taxes	222	(27)	(28)	277	286	(21)	(27)	334	-17%
Income tax expense	55	(9)	(14)	78	83	(8)	(8)	99	
% Tax rate	24.8%			28.2%	29.0%			29.6%	
Net income	\$ 167	\$ (18)	\$ (14)	\$ 199	\$ 203	\$ (13)	\$ (19)	\$ 235	-15%
% of Revenue	13.3%			15.8%	15.9%			18.3%	
Net income per common share									
Basic income per share	\$ 1.02	\$ (0.11)	\$ (0.08)	\$ 1.21	\$ 1.21	\$ (0.08)	\$ (0.11)	\$ 1.40	-14%
Diluted income per share	\$ 1.00	\$ (0.11)	\$ (0.08)	\$ 1.19	\$ 1.18	\$ (0.08)	\$ (0.11)	\$ 1.37	-13%
Weighted average common shares outstanding									
Basic	164.4			164.4	168.3			168.3	
Diluted	167.4			167.4	172.0			172.0	

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 six months ended June 30, 2013 include \$27 million (\$18 million after-tax) for equity compensation expense, \$22 million (\$14 million after-tax) for amortization of acquired intangible assets, and \$6 million (\$4 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.

3) Special items for the six months ended June 30, 2012 include \$21 million (\$13 million after-tax) for equity compensation expense, as well as \$2 million for acquisition-related purchase accounting adjustments, \$10 million for acquisition-related transaction, integration and reorganization expenses, and \$15 million for amortization of acquired intangible assets, with a cumulative offsetting tax impact of \$8 million.

TERADATA

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

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Net Income (GAAP)	\$ 108	\$ 112	\$ 167	\$ 203
Net cash provided by operating activities (GAAP)	\$ 140	\$ 152	\$ 383	\$ 344
Less capital expenditures for:				
Expenditures for property and equipment	(21)	(19)	(31)	(31)
Additions to capitalized software	(17)	(20)	(34)	(38)
Free Cash Flow (non-GAAP measure) ¹	\$ 102	\$ 113	\$ 318	\$ 275

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 June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Research and development expenses (GAAP)	\$ 47	\$ 43	\$ 97	\$ 89
Less				
Equity compensation expense ²	(3)	(1)	(5)	(3)
Other special items ²	(1)	(2)	(4)	(3)
Research and development expenses (non-GAAP)¹	43	40	88	83
Additions to capitalized software (GAAP)	17	20	34	38
Less				
Internal-use software	(2)	(1)	(3)	(3)
External-use software	15	19	31	35
Total research and development spend (non-GAAP)¹	\$ 58	\$ 59	\$ 119	\$ 118
% of Product Revenue	19.1%	18.4%	21.6%	18.8%

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 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 and six months ended June 30, 2013 include \$3 and \$5 million for equity compensation expense, as well as \$1 and \$4 million for acquisition-related transaction and integration expenses, and amortization of acquired intangible assets. Special items for the three and six months ended June 30, 2012 include \$1 and \$3 million for equity compensation expense, as well as \$2 and \$3 million for acquisition-related transaction, integration and reorganization expenses, and amortization of acquired intangible assets.