

**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 September 30

Three Months

	2013				2012				% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense <sup>2</sup>	Other Special Items <sup>2</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	GAAP	Equity Compensation Expense <sup>3</sup>	Other Special Items <sup>3</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	
<b>Revenue</b>									
Products	\$ 306	\$ -	\$ -	\$ 306	\$ 306	\$ -	\$ -	\$ 306	0%
Services	360	-	-	360	341	-	(1)	342	5%
<b>Total revenue</b>	<b>666</b>	<b>-</b>	<b>-</b>	<b>666</b>	<b>647</b>	<b>-</b>	<b>(1)</b>	<b>648</b>	<b>3%</b>
<b>Gross margin</b>									
Products	188	-	(4)	192	211	-	(4)	215	-11%
% of Revenue	61.4%			62.7%	69.0%			70.3%	
Services	170	(2)	(2)	174	150	(1)	(3)	154	13%
% of Revenue	47.2%			48.3%	44.0%			45.0%	
<b>Total gross margin</b>	<b>358</b>	<b>(2)</b>	<b>(6)</b>	<b>366</b>	<b>361</b>	<b>(1)</b>	<b>(7)</b>	<b>369</b>	<b>-1%</b>
% of Revenue	53.8%			55.0%	55.8%			56.9%	
Selling, general and administrative expenses	183	8	5	170	174	7	4	163	4%
Research and development expenses	43	2	3	38	44	2	2	40	-5%
<b>Total expenses</b>	<b>226</b>	<b>10</b>	<b>8</b>	<b>208</b>	<b>218</b>	<b>9</b>	<b>6</b>	<b>203</b>	<b>2%</b>
% of Revenue	33.9%			31.2%	33.7%			31.3%	
<b>Income from operations</b>	<b>132</b>	<b>(12)</b>	<b>(14)</b>	<b>158</b>	<b>143</b>	<b>(10)</b>	<b>(13)</b>	<b>166</b>	<b>-5%</b>
% of Revenue	19.8%			23.7%	22.1%			25.6%	
Other expense, net	-	-	-	-	-	-	-	-	
<b>Income before income taxes</b>	<b>132</b>	<b>(12)</b>	<b>(14)</b>	<b>158</b>	<b>143</b>	<b>(10)</b>	<b>(13)</b>	<b>166</b>	<b>-5%</b>
Income tax expense	34	(4)	(4)	42	39	(4)	(4)	47	
% Tax rate	25.8%			26.6%	27.3%			28.3%	
<b>Net income</b>	<b>\$ 98</b>	<b>\$ (8)</b>	<b>\$ (10)</b>	<b>\$ 116</b>	<b>\$ 104</b>	<b>\$ (6)</b>	<b>\$ (9)</b>	<b>\$ 119</b>	<b>-3%</b>
% of Revenue	14.7%			17.4%	16.1%			18.4%	
<b>Net income per common share</b>									
Basic income per share	\$ 0.60	\$ (0.05)	\$ (0.06)	\$ 0.71	\$ 0.62	\$ (0.03)	\$ (0.05)	\$ 0.70	1%
Diluted income per share	\$ 0.59	\$ (0.05)	\$ (0.06)	\$ 0.70	\$ 0.60	\$ (0.04)	\$ (0.05)	\$ 0.69	1%
<b>Weighted average common shares outstanding</b>									
Basic	163.2			163.2	168.8			168.8	
Diluted	166.4			166.4	172.4			172.4	

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 September 30, 2013 include \$12 million (\$8 million after-tax) for equity compensation expense, \$11 million (\$8 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 September 30, 2012 include \$10 million (\$6 million after-tax) for equity compensation expense, as well as \$11 million for amortization of acquired intangible assets and \$2 million for acquisition-related transaction and integration expenses, with a cumulative offsetting tax impact of \$4 million.

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For the Periods Ended September 30  
Nine Months

	2013				2012				% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense <sup>2</sup>	Other Special Items <sup>2</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	GAAP	Equity Compensation Expense <sup>3</sup>	Other Special Items <sup>3</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	
<b>Revenue</b>									
Products	\$ 858	\$ -	\$ -	\$ 858	\$ 935	\$ -	\$ -	\$ 935	-8%
Services	1,065	-	-	1,065	990	-	(5)	995	7%
<b>Total revenue</b>	<b>1,923</b>	<b>-</b>	<b>-</b>	<b>1,923</b>	<b>1,925</b>	<b>-</b>	<b>(5)</b>	<b>1,930</b>	<b>0%</b>
<b>Gross margin</b>									
Products	546	-	(13)	559	638	-	(12)	650	-14%
% of Revenue	63.6%			65.2%	68.2%			69.5%	
Services	496	(5)	(7)	508	443	(3)	(7)	453	12%
% of Revenue	46.6%			47.7%	44.7%			45.5%	
<b>Total gross margin</b>	<b>1,042</b>	<b>(5)</b>	<b>(20)</b>	<b>1,067</b>	<b>1,081</b>	<b>(3)</b>	<b>(19)</b>	<b>1,103</b>	<b>-3%</b>
% of Revenue	54.2%			55.5%	56.2%			57.2%	
Selling, general and administrative expenses	547	27	15	505	518	23	16	479	5%
Research and development expenses	140	7	7	126	133	5	5	123	2%
<b>Total expenses</b>	<b>687</b>	<b>34</b>	<b>22</b>	<b>631</b>	<b>651</b>	<b>28</b>	<b>21</b>	<b>602</b>	<b>5%</b>
% of Revenue	35.7%			32.8%	33.8%			31.2%	
<b>Income from operations</b>	<b>355</b>	<b>(39)</b>	<b>(42)</b>	<b>436</b>	<b>430</b>	<b>(31)</b>	<b>(40)</b>	<b>501</b>	<b>-13%</b>
% of Revenue	18.5%			22.7%	22.3%			26.0%	
Other expense, net	(1)	-	-	(1)	(1)	-	-	(1)	
<b>Income before income taxes</b>	<b>354</b>	<b>(39)</b>	<b>(42)</b>	<b>435</b>	<b>429</b>	<b>(31)</b>	<b>(40)</b>	<b>500</b>	<b>-13%</b>
Income tax expense	89	(13)	(18)	120	122	(12)	(12)	146	
% Tax rate	25.1%			27.6%	28.4%			29.2%	
<b>Net income</b>	<b>\$ 265</b>	<b>\$ (26)</b>	<b>\$ (24)</b>	<b>\$ 315</b>	<b>\$ 307</b>	<b>\$ (19)</b>	<b>\$ (28)</b>	<b>\$ 354</b>	<b>-11%</b>
% of Revenue	13.8%			16.4%	15.9%			18.3%	
<b>Net income per common share</b>									
Basic income per share	\$ 1.62	\$ (0.16)	\$ (0.14)	\$ 1.92	\$ 1.82	\$ (0.11)	\$ (0.17)	\$ 2.10	-9%
Diluted income per share	\$ 1.59	\$ (0.16)	\$ (0.14)	\$ 1.89	\$ 1.78	\$ (0.11)	\$ (0.17)	\$ 2.06	-8%
<b>Weighted average common shares outstanding</b>									
Basic	164.0			164.0	168.4			168.4	
Diluted	167.1			167.1	172.1			172.1	

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 nine months ended September 30, 2013 include \$39 million (\$26 million after-tax) for equity compensation expense, \$33 million (\$22 million after-tax) for amortization of acquired intangible assets, and \$9 million (\$6 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 nine months ended September 30, 2012 include \$31 million (\$19 million after-tax) for equity compensation expense, as well as \$2 million for acquisition-related purchase accounting adjustments, \$12 million for acquisition-related transaction, integration and reorganization expenses, and \$26 million for amortization of acquired intangible assets, with a cumulative offsetting tax impact of \$12 million.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Net Income (GAAP)	\$ 98	\$ 104	\$ 265	\$ 307
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$ 64</b>	<b>\$ 107</b>	<b>\$ 447</b>	<b>\$ 451</b>
Less capital expenditures for:				
Expenditures for property and equipment	(13)	(18)	(44)	(49)
Additions to capitalized software	(22)	(22)	(56)	(60)
<b>Free Cash Flow (non-GAAP measure) <sup>1</sup></b>	<b>\$ 29</b>	<b>\$ 67</b>	<b>\$ 347</b>	<b>\$ 342</b>

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 September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
<b>Research and development expenses (GAAP)</b>	<b>\$ 43</b>	<b>\$ 44</b>	<b>\$ 140</b>	<b>\$ 133</b>
Less				
Equity compensation expense <sup>2</sup>	(2)	(2)	(7)	(5)
Other special items <sup>2</sup>	(3)	(2)	(7)	(5)
<b>Research and development expenses (non-GAAP) <sup>1</sup></b>	<b>\$ 38</b>	<b>\$ 40</b>	<b>\$ 126</b>	<b>\$ 123</b>
<b>Additions to capitalized software (GAAP)</b>	<b>22</b>	<b>22</b>	<b>56</b>	<b>60</b>
Less				
Internal-use software	(1)	(2)	(4)	(5)
<b>External-use software</b>	<b>21</b>	<b>20</b>	<b>52</b>	<b>55</b>
<b>Total research and development spend (non-GAAP) <sup>1</sup></b>	<b>\$ 59</b>	<b>\$ 60</b>	<b>\$ 178</b>	<b>\$ 178</b>
% of Product Revenue	19.3%	19.6%	20.7%	19.0%

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 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 nine months ended September 30, 2013 include \$2 and \$7 million for equity compensation expense, as well as \$3 and \$7 million for acquisition-related transaction and integration expenses, and amortization of acquired intangible assets. Special items for the three and nine months ended September 30, 2012 include \$2 and \$5 million for equity compensation expense, as well as \$2 and \$5 million for acquisition-related transaction, integration and reorganization expenses, and amortization of acquired intangible assets.