



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

	2010				2009			
	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	\$ 267	\$ -	\$ -	\$ 267	\$ 239	\$ -	\$ -	\$ 239
Services	281	-	-	281	257	-	-	257
Total revenue	548	-	-	548	496	-	-	496
Gross margin								
Products	176	-	-	176	162	-	-	162
Services	129	(1)	-	130	116	(1)	-	117
Total gross margin	305	(1)	-	306	278	(1)	-	279
% of Revenue	55.7%			55.8%	56.0%			56.3%
Selling, general and administrative expenses	149	7	-	142	138	4	-	134
Research and development expenses	39	-	-	39	34	1	-	33
Total expenses	188	7	-	181	172	5	-	167
% of Revenue	34.3%			33.0%	34.7%			33.7%
Income from operations	117	(8)	-	125	106	(6)	-	112
% of Revenue	21.4%			22.8%	21.4%			22.6%
Other expense, net	(1)	-	-	(1)	-	-	-	-
Income before income taxes	116	(8)	-	124	106	(6)	-	112
Income tax expense	31	(3)	-	34	22	(3)	-	25
% Tax rate	27%			27%	21%			22%
Net income	\$ 85	\$ (5)	\$ -	\$ 90	\$ 84	\$ (3)	\$ -	\$ 87
% of Revenue	15.5%			16.4%	16.9%			17.5%
Net income per common share								
Basic income per share	\$ 0.51	\$ (0.03)	\$ -	\$ 0.54	\$ 0.49	\$ (0.02)	\$ -	\$ 0.51
Diluted income per share	\$ 0.50	\$ (0.03)	\$ -	\$ 0.53	\$ 0.48	\$ (0.02)	\$ -	\$ 0.50
Weighted average common shares outstanding								
Basic	167.7			167.7	170.2			170.2
Diluted	171.0			171.0	173.2			173.2

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, 2010 includes \$8 million (\$5 million after-tax) for equity compensation expense.

3) Special items for the three months ended December 31, 2009 includes \$6 million (\$3 million after-tax) for equity compensation expense.



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	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	\$ 933	\$ -	\$ -	\$ 933	\$ 772	\$ -	\$ -	\$ 772
Services	1,003	-	-	1,003	937	-	-	937
Total revenue	1,936	-	-	1,936	1,709	-	-	1,709
Gross margin								
Products	627	-	-	627	503	-	-	503
Services	461	(3)	-	464	435	(3)	-	438
Total gross margin	1,088	(3)	-	1,091	938	(3)	-	941
% of Revenue	56.2%			56.4%	54.9%			55.1%
Selling, general and administrative expenses	526	20	-	506	483	17	-	466
Research and development expenses	147	3	-	144	117	3	-	114
Total expenses	673	23	-	650	600	20	-	580
% of Revenue	34.8%			33.6%	35.1%			33.9%
Income from operations	415	(26)	-	441	338	(23)	-	361
% of Revenue	21.4%			22.8%	19.8%			21.1%
Other (expense) income, net	(1)	-	-	(1)	(4)	-	(5)	1
Income before income taxes	414	(26)	-	440	334	(23)	(5)	362
Income tax expense	113	(10)	-	123	80	(9)	(2)	91
% Tax rate	27%			28%	24%			25%
Net income	\$ 301	\$ (16)	\$ -	\$ 317	\$ 254	\$ (14)	\$ (3)	\$ 271
% of Revenue	15.5%			16.4%	14.9%			15.9%
Net income per common share								
Basic income per share	\$ 1.80	\$ (0.09)	\$ -	\$ 1.89	\$ 1.48	\$ (0.08)	\$ (0.02)	\$ 1.58
Diluted income per share	\$ 1.77	\$ (0.09)	\$ -	\$ 1.86	\$ 1.46	\$ (0.08)	\$ (0.02)	\$ 1.56
Weighted average common shares outstanding								
Basic	167.4			167.4	171.9			171.9
Diluted	170.4			170.4	173.9			173.9

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

3) Special items for the twelve months ended December 31, 2009 includes \$23 million (\$14 million after-tax) for equity compensation expense, and a \$5 million (\$3 million after-tax) impairment charge to write down the value of a historical equity investment.

TERADATA

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2010	2009	2010	2009
Net Income (GAAP)	\$ 85	\$ 84	\$ 301	\$ 254
Net cash provided by operating activities (GAAP)	\$ 148	\$ 91	\$ 413	\$ 455
Less capital expenditures for:				
Expenditures for property and equipment	(9)	(11)	(34)	(29)
Additions to capitalized software	(12)	(16)	(49)	(59)
Free Cash Flow (non-GAAP measure) ¹	\$ 127	\$ 64	\$ 330	\$ 367
<i>Free Cash Flow as a % of Net Income</i>	149%	76%	110%	144%

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.