



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

	2009				2008			
	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	\$ 239	\$ -	\$ -	\$ 239	\$ 250	\$ -	\$ -	\$ 250
Services	257	-	-	257	243	-	-	243
Total revenue	496	-	-	496	493	-	-	493
Gross margin								
Products	162	-	-	162	159	-	-	159
Services	116	(1)	-	117	110	(1)	-	111
Total gross margin	278	(1)	-	279	269	(1)	-	270
% of Revenue	56.0%			56.3%	54.6%			54.8%
Selling, general and administrative expenses	138	4	-	134	137	4	-	133
Research and development expenses	34	1	-	33	30	1	-	29
Total expenses	172	5	-	167	167	5	-	162
% of Revenue	34.7%			33.7%	33.9%			32.9%
Income from operations	106	(6)	-	112	102	(6)	-	108
% of Revenue	21.4%			22.6%	20.7%			21.9%
Other income, net	-	-	-	-	1	-	-	1
Income before income taxes	106	(6)	-	112	103	(6)	-	109
Income tax expense	22	(3)	-	25	24	(2)	-	26
% tax rate	21%			22%	23%			24%
Net income	\$ 84	\$ (3)	\$ -	\$ 87	\$ 79	\$ (4)	\$ -	\$ 83
% of Revenue	16.9%			17.5%	16.0%			16.8%
Net income per common share								
Basic income per share	\$ 0.49	\$ (0.02)	\$ -	\$ 0.51	\$ 0.45	\$ (0.02)	\$ -	\$ 0.47
Diluted income per share	\$ 0.48	\$ (0.02)	\$ -	\$ 0.50	\$ 0.45	\$ (0.02)	\$ -	\$ 0.47
Weighted average common shares outstanding								
Basic	170.2			170.2	175.1			175.1
Diluted	173.2			173.2	176.1			176.1

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

3) Special items for the three months ended December 31, 2008 includes \$6 million (\$4 million after-tax) for equity compensation expense.



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
Twelve Months

	2009				2008			
	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	\$ 772	\$ -	\$ -	\$ 772	\$ 849	\$ -	\$ -	\$ 849
Services	937	-	-	937	913	-	-	913
Total revenue	1,709	-	-	1,709	1,762	-	-	1,762
Gross margin								
Products	503	-	-	503	547	-	-	547
Services	435	(3)	-	438	402	(3)	-	405
Total gross margin	938	(3)	-	941	949	(3)	-	952
% of Revenue	54.9%			55.1%	53.9%			54.0%
Selling, general and administrative expenses	483	17	-	466	508	15	-	493
Research and development expenses	117	3	-	114	108	3	-	105
Total expenses	600	20	-	580	616	18	-	598
% of Revenue	35.1%			33.9%	35.0%			33.9%
Income from operations	338	(23)	-	361	333	(21)	-	354
% of Revenue	19.8%			21.1%	18.9%			20.1%
Other (expense) income, net	(4)	-	(5)	1	5	-	(3)	8
Income before income taxes	334	(23)	(5)	362	338	(21)	(3)	362
Income tax expense	80	(9)	(2)	91	88	(7)	2	93
% tax rate	24%			25%	26%			26%
Net income	\$ 254	\$ (14)	\$ (3)	\$ 271	\$ 250	\$ (14)	\$ (5)	\$ 269
% of Revenue	14.9%			15.9%	14.2%			15.3%
Net income per common share								
Basic income per share	\$ 1.48	\$ (0.08)	\$ (0.02)	\$ 1.58	\$ 1.40	\$ (0.08)	\$ (0.03)	\$ 1.51
Diluted income per share	\$ 1.46	\$ (0.08)	\$ (0.02)	\$ 1.56	\$ 1.39	\$ (0.08)	\$ (0.03)	\$ 1.50
Weighted average common shares outstanding								
Basic	171.9			171.9	178.1			178.1
Diluted	173.9			173.9	179.8			179.8

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 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.

3) Special items for the twelve months ended December 31, 2008 includes \$21 million (\$14 million after-tax) for equity compensation expense, a \$3 million (\$2 million after-tax) impairment charge to write down the value of a historical equity investment, and a \$3 million charge to reflect an adjustment to tax expense based on the Company's actual 2007 U.S. federal tax return as filed.

TERADATA

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2009	2008	2009	2008
Net Income (GAAP)	\$ 84	\$ 79	\$ 254	\$ 250
Net cash provided by operating activities (GAAP)	\$ 91	\$ 118	\$ 455	\$ 440
Less capital expenditures for:				
Expenditures for property and equipment	(11)	(6)	(29)	(19)
Additions to capitalized software	(16)	(7)	(59)	(52)
Free Cash Flow (non-GAAP measure) ¹	\$ 64	\$ 105	\$ 367	\$ 369
<i>Free Cash Flow as a % of Net Income</i>	76%	133%	144%	148%

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.