



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

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	\$ 200	\$ -	\$ -	\$ 200	\$ 157	\$ -	\$ -	\$ 157
Services	229	-	-	229	210	-	-	210
Total revenue	429	-	-	429	367	-	-	367
Gross margin								
Products	128	-	-	128	103	-	-	103
Services	108	(1)	-	109	97	(1)	-	98
Total gross margin	236	(1)	-	237	200	(1)	-	201
% of Revenue	55.0%			55.2%	54.5%			54.8%
Selling, general and administrative expenses	118	3	-	115	110	4	-	106
Research and development expenses	32	1	-	31	30	-	-	30
Total expenses	150	4	-	146	140	4	-	136
% of Revenue	35.0%			34.0%	38.1%			37.1%
Income from operations	86	(5)	-	91	60	(5)	-	65
% of Revenue	20.0%			21.2%	16.3%			17.7%
Other income, net	-	-	-	-	-	-	-	-
Income before income taxes	86	(5)	-	91	60	(5)	-	65
Income tax expense	19	(2)	-	21	15	(2)	-	17
% tax rate	22%			23%	25%			26%
Net income	\$ 67	\$ (3)	\$ -	\$ 70	\$ 45	\$ (3)	\$ -	\$ 48
% of Revenue	15.6%			16.3%	12.3%			13.1%
Net income per common share								
Basic income per share	\$ 0.40	\$ (0.02)	\$ -	\$ 0.42	\$ 0.26	\$ (0.02)	\$ -	\$ 0.28
Diluted income per share	\$ 0.39	\$ (0.02)	\$ -	\$ 0.41	\$ 0.26	\$ (0.02)	\$ -	\$ 0.28
Weighted average common shares outstanding								
Basic	167.8			167.8	173.3			173.3
Diluted	170.5			170.5	174.3			174.3

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 March 31, 2010 includes \$5 million (\$3 million after-tax) for equity compensation expense.

3) Special items for the three months ended March 31, 2009 includes \$5 million (\$3 million after-tax) for equity compensation expense.

TERADATA

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

	Three Months Ended March 31	
	<u>2010</u>	<u>2009</u>
Net Income (GAAP)	\$ 67	\$ 45
Net cash provided by operating activities (GAAP)	\$ 138	\$ 165
Less capital expenditures for:		
Expenditures for property and equipment	(6)	(9)
Additions to capitalized software	(15)	(11)
Free Cash Flow (non-GAAP measure) ¹	\$ 117	\$ 145
	175%	322%

Free Cash Flow as a % of Net Income

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.