

TERADATA CORPORATION
(in millions, except per share amounts - unaudited)

	2017					2018			
	Q1	Q2	Q3	Q4	T/Y	Q1	Q2	Q3	YTD
Revenue									
Recurring	\$ 273	\$ 281	\$ 292	\$ 299	\$ 1,145	\$ 302	\$ 312	\$ 312	\$ 926
Growth Rate as Reported	NA	NA	NA	NA	NA	11%	11%	7%	9%
Growth Rate Constant Currency (non-GAAP)*	NA	NA	NA	NA	NA	7%	10%	9%	9%
Perpetual software licenses and hardware	90	91	90	158	429	69	97	77	243
Growth Rate as Reported	NA	NA	NA	NA	NA	(23%)	7%	(14%)	(10%)
Growth Rate Constant Currency (non-GAAP)*	NA	NA	NA	NA	NA	(27%)	5%	(13%)	(12%)
Consulting services	128	141	144	169	582	135	135	137	407
Growth Rate as Reported	NA	NA	NA	NA	NA	5%	(4%)	(5%)	(1%)
Growth Rate Constant Currency (non-GAAP)*	NA	NA	NA	NA	NA	0%	(6%)	(3%)	(3%)
Total revenue	491	513	526	626	2,156	506	544	526	1,576
Growth Rate as Reported	(10%)	(14%)	(5%)	0%	(7%)	3%	6%	0%	3%
Growth Rate Constant Currency (non-GAAP)*	(9%)	(13%)	(5%)	(2%)	(7%)	(1%)	4%	2%	2%
Gross profit									
Recurring	206	209	208	218	841	212	224	219	655
% of Revenue	75.5%	74.4%	71.2%	72.9%	73.4%	70.2%	71.8%	70.2%	70.7%
Perpetual software licenses and hardware	29	34	39	68	170	21	24	34	79
% of Revenue	32.2%	37.4%	43.3%	43.0%	39.6%	30.4%	24.7%	44.2%	32.5%
Consulting services	(10)	(1)	3	21	13	(10)	2	11	3
% of Revenue	(7.8%)	(0.7%)	2.1%	12.4%	2.2%	(7.4%)	1.5%	8.0%	0.7%
Total gross profit	225	242	250	307	1,024	223	250	264	737
% of Revenue	45.8%	47.2%	47.5%	49.0%	47.5%	44.1%	46.0%	50.2%	46.8%
Selling, general and administrative expenses	155	165	161	170	651	152	163	166	481
Research and development expenses	70	78	80	77	305	75	77	84	236
Total operating expense	225	243	241	247	956	227	240	250	717
% of Revenue	45.8%	47.4%	45.8%	39.5%	44.3%	44.9%	44.1%	47.5%	45.5%
Income (loss) from operations	-	(1)	9	60	68	(4)	10	14	20
% of Revenue	0.0%	(0.2%)	1.7%	9.6%	3.2%	(0.8%)	1.8%	2.7%	1.3%
Other expense, net	(2)	(2)	(3)	(3)	(10)	(4)	(4)	(4)	(12)
Income (loss) before income taxes	(2)	(3)	6	57	58	(8)	6	10	8
Income tax expense (benefit)	-	1	(7)	131	125	(1)	2	(8)	(7)
% Income tax	0.0%	(33.3%)	(116.7%)	229.8%	215.5%	12.5%	33.3%	(80.0%)	(87.5%)
Net income (loss)	\$ (2)	\$ (4)	\$ 13	\$ (74)	\$ (67)	\$ (7)	\$ 4	\$ 18	\$ 15
% of Revenue	(0.4%)	(0.8%)	2.5%	(11.8%)	(3.1%)	(1.4%)	0.7%	3.4%	1.0%
Net income (loss) per common share**									
Basic	\$ (0.02)	\$ (0.03)	\$ 0.11	\$ (0.61)	\$ (0.53)	\$ (0.06)	\$ 0.03	\$ 0.15	\$ 0.13
Diluted	\$ (0.02)	\$ (0.03)	\$ 0.10	\$ (0.61)	\$ (0.53)	\$ (0.06)	\$ 0.03	\$ 0.15	\$ 0.12
Weighted average common shares outstanding									
Basic	130.4	127.9	123.7	121.1	125.8	121.4	119.5	118.7	119.9
Diluted	130.4	127.9	125.8	121.1	125.8	121.4	121.5	120.7	121.8
Equity compensation expense (after-tax)	\$ (10)	\$ (14)	\$ (13)	\$ (10)	\$ (47)	\$ (15)	\$ (13)	\$ (12)	\$ (40)
Special items (after-tax) (see Notes)	\$ (16)	\$ (6)	\$ -	\$ (126)	\$ (148)	\$ (4)	\$ (6)	\$ (5)	\$ (15)
Capitalized software - ASC 985-20	\$ (13)	\$ (12)	\$ (10)	\$ (10)	\$ (45)	\$ (11)	\$ (9)	\$ (8)	\$ (28)
Net income (Non-GAAP)*	\$ 37	\$ 28	\$ 36	\$ 72	\$ 173	\$ 23	\$ 32	\$ 43	\$ 98
Non-GAAP Diluted EPS*	\$ 0.28	\$ 0.22	\$ 0.29	\$ 0.58	\$ 1.35	\$ 0.19	\$ 0.26	\$ 0.36	\$ 0.80

Notes

Q1 2017 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$21 million (\$15 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses, which includes an \$8 million (\$6 million after-tax) transformation charge related to the discontinuation of our prior hardware platforms.

Q2 2017 - \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$8 million (\$4 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses.

Q3 2017 - \$2 million (\$1 million after-tax) for amortization of acquired intangible assets, \$13 million (\$9 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses, \$5 million (\$4 million after-tax) for reversal of previously expensed transformation charge related to the discontinuation of our prior hardware platforms, and \$6 million tax impact impact related to a reversal of TMA uncertain tax positions

Q4 2017 - \$3 million (\$2 million after-tax) for amortization of acquired intangible assets, \$3 million (\$2 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expense reversals, and \$126 million for the tax impact related to 2017 U.S. Tax Reform.

Q1 2018 - \$2 million (\$2 million after-tax) for amortization of acquired intangible assets and \$3 million (\$2 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses.

Q2 2018 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$5 million (\$4 million after-tax) for integration and transformation activities, including the Dayton office, and \$1 million (\$1 million after tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Q3 2018 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$14 million (\$10 million after-tax) for integration and transformation activities, including the Dayton office, \$1 million (\$1 million after tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018, and \$7 million tax benefit for tax reform rate difference and SAB 118 adjustments.

* While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measurements may be used to reflect operational performance. 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. Similarly constant currency growth rate for revenues eliminates the foreign exchange rate fluctuations. Although non-GAAP measures should not be used as a substitute for, or superior to, the company's reported GAAP results, Teradata uses non-GAAP measures to manage and determine the effectiveness of its business management.

** Net income per share in each quarter is computed using the weighted-average number of shares outstanding during that quarter while net income per share for the full year is computed using the weighted-average number of shares outstanding during the year. Thus the sum of the four quarters' net income per share does not necessarily equal the full-year net income per share.

TERADATA CORPORATION

HISTORICAL NON-GAAP (Excluding Software Capitalization and Reflecting the Impact of Special Items) - Supplemental schedule***
(Unaudited)

(in millions, except per share amounts - unaudited)

	2017*					2018*			
	Q1	Q2	Q3	Q4	T/Y	Q1	Q2	Q3	YTD
Revenue (non-GAAP)									
Recurring	\$ 273	\$ 281	\$ 292	\$ 299	\$ 1,145	\$ 302	\$ 312	\$ 312	\$ 926
Growth Rate as Reported	NA	NA	NA	NA	NA	11%	11%	7%	9%
Growth Rate Constant Currency (non-GAAP)**	NA	NA	NA	NA	NA	7%	10%	9%	8%
Perpetual software licenses and hardware	90	91	90	158	429	69	97	77	243
Growth Rate as Reported	NA	NA	NA	NA	NA	(23%)	7%	(14%)	(10%)
Growth Rate Constant Currency (non-GAAP)**	NA	NA	NA	NA	NA	(27%)	5%	(13%)	(12%)
Consulting services	128	141	144	169	582	135	135	137	407
Growth Rate as Reported	NA	NA	NA	NA	NA	5%	(4%)	(5%)	(1%)
Growth Rate Constant Currency (non-GAAP)**	NA	NA	NA	NA	NA	0%	(6%)	(3%)	(3%)
Total revenue	491	513	526	626	2,156	506	544	526	1,576
Growth Rate as Reported	(4%)	(9%)	(5%)	0%	(4%)	3%	6%	0%	3%
Growth Rate Constant Currency (non-GAAP)**	(3%)	(8%)	(5%)	(2%)	(4%)	(1%)	4%	2%	2%
Gross profit (non-GAAP)									
Recurring	213	217	214	224	868	221	231	226	678
% of Revenue	78.0%	77.2%	73.3%	74.9%	75.8%	73.2%	74.0%	72.4%	73.2%
Perpetual software licenses and hardware	44	46	49	78	217	28	30	39	97
% of Revenue	48.9%	50.5%	54.4%	49.4%	50.6%	40.6%	30.9%	50.6%	39.9%
Consulting services	(6)	3	7	23	27	(4)	5	13	14
% of Revenue	(4.7%)	2.1%	4.9%	13.6%	4.6%	(3.0%)	3.7%	9.5%	3.4%
Total gross profit	251	266	270	325	1,112	245	266	278	789
% of Revenue	51.1%	51.9%	51.3%	51.9%	51.6%	48.4%	48.9%	52.9%	50.1%
Selling, general and administrative expenses	127	146	148	162	583	142	149	144	435
Research and development expenses	65	72	70	70	277	68	72	78	218
Total operating expense (non-GAAP)	192	218	218	232	860	210	221	222	653
% of Revenue	39.1%	42.5%	41.4%	37.1%	39.9%	41.5%	40.6%	42.2%	41.4%
Income from operations (non-GAAP)	59	48	52	93	252	35	45	56	136
% of Revenue	12.0%	9.4%	9.9%	14.9%	11.7%	6.9%	8.3%	10.6%	8.6%
Other expense, net	(2)	(3)	(3)	(4)	(12)	(4)	(4)	(4)	(12)
Income before income taxes (non-GAAP)	57	45	49	89	240	31	41	52	124
Income tax expense	20	17	13	17	67	8	9	9	26
% Income tax	35.1%	37.8%	26.5%	19.1%	27.9%	25.8%	22.0%	17.3%	21.0%
Net income (non-GAAP)***	\$ 37	\$ 28	\$ 36	\$ 72	\$ 173	\$ 23	\$ 32	\$ 43	\$ 98
% of Revenue	7.5%	5.5%	6.8%	11.5%	8.0%	4.5%	5.9%	8.2%	6.2%
Net income per common share (non-GAAP)****									
Basic	\$ 0.28	\$ 0.22	\$ 0.29	\$ 0.59	\$ 1.38	\$ 0.19	\$ 0.27	\$ 0.36	\$ 0.82
Diluted	\$ 0.28	\$ 0.22	\$ 0.29	\$ 0.58	\$ 1.35	\$ 0.19	\$ 0.26	\$ 0.36	\$ 0.80
Weighted average common shares outstanding									
Basic	130.4	127.9	123.7	121.1	125.8	121.4	119.5	118.7	119.9
Diluted	131.9	129.5	125.8	123.5	127.8	123.4	121.5	120.7	121.8

*Non-GAAP financial measures - See the Appendices (1-4) to this summary for a reconciliation of total revenue, total gross profit, operating expense, operating income, net income and diluted EPS to the most directly comparable U.S. generally accepted accounting principles (GAAP) financial measure.

**The impact of currency is determined by calculating the prior period results using the current-period monthly average currency rates.

*** While Teradata reports its results using GAAP, certain non-GAAP financial measures may be used to reflect operational performance.

These non-GAAP measures may exclude the impact of stock compensation expense and certain special items or discontinued business operations, including the sale of Teradata's marketing applications business, which are used to support our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the company. Although non-GAAP measures should not be used in isolation or as a substitute for, or superior to, the company's reported GAAP results, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP. Teradata uses non-GAAP measures to manage and determine the effectiveness of its business management. A reconciliation of Teradata's GAAP results to these non-GAAP financial measures for each period included in this summary is found in the supplemental appendices hereto.

**** Net income per share in each quarter is computed using the weighted-average number of shares outstanding during that quarter while net income per share for the full year is computed using the weighted-average number of shares outstanding during the year. Thus the sum of the four quarters' net income per share does not necessarily equal the full-year net income per share.

Appendix 1
TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended September 30

	2018					2017					% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense	Other Special Items ³	Capitalized Software ASC 985-20	Non-GAAP ¹	GAAP ²	Equity Compensation Expense	Other Special Items ⁴	Capitalized Software ASC 985-20	Non-GAAP ¹	
Revenue											
Recurring	\$ 312	\$ -	\$ -	\$ -	\$ 312	\$ 292	\$ -	\$ -	\$ -	\$ 292	7%
Perpetual software licenses and hardware	77	-	-	-	77	90	-	-	-	90	-14%
Consulting services	137	-	-	-	137	144	-	-	-	144	-5%
Total revenue	526	-	-	-	526	526	-	-	-	526	0%
Gross profit											
Recurring	219	(1)	-	(6)	226	208	(1)	-	(5)	214	6%
% of Revenue	70.2%				72.4%	71.2%				73.3%	
Perpetual software licenses and hardware	34	-	-	(5)	39	39	-	1	(11)	49	-20%
% of Revenue	44.2%				50.6%	43.3%				54.4%	
Consulting services	11	(2)	-	-	13	3	(2)	(2)	-	7	86%
% of Revenue	8.0%				9.5%	2.1%				4.9%	
Total gross profit	264	(3)	-	(11)	278	250	(3)	(1)	(16)	270	3%
% of Revenue	50.2%				52.9%	47.5%				51.3%	
Selling, general and administrative expenses	166	8	14	-	144	161	10	3	-	148	-3%
Research and development expenses	84	4	2	-	78	80	4	6	-	70	11%
Total expenses	250	12	16	-	222	241	14	9	-	218	2%
% of Revenue	47.5%				42.2%	45.8%				41.4%	
Income from operations	14	(15)	(16)	(11)	56	9	(17)	(10)	(16)	52	8%
% of Revenue	2.7%				10.6%	1.7%				9.9%	
Other expense, net	(4)	-	-	-	(4)	(3)	-	-	-	(3)	
Income before income taxes	10	(15)	(16)	(11)	52	6	(17)	(10)	(16)	49	6%
Income tax (benefit) expense	(8)	(3)	(11)	(3)	9	(7)	(4)	(10)	(6)	13	
% Tax rate	(80.0%)				17.3%	(116.7%)				26.5%	
Net income	\$ 18	\$ (12)	\$ (5)	\$ (8)	\$ 43	\$ 13	\$ (13)	\$ -	\$ (10)	\$ 36	19%
% of Revenue	3.4%				8.2%	2.5%				6.8%	
Net income per common share											
Basic	\$ 0.15	\$ (0.10)	\$ (0.04)	\$ (0.07)	\$ 0.36	\$ 0.11	\$ (0.11)	\$ 0.01	\$ (0.08)	\$ 0.29	24%
Diluted	\$ 0.15	\$ (0.10)	\$ (0.05)	\$ (0.07)	\$ 0.36	\$ 0.10	\$ (0.10)	\$ (0.01)	\$ (0.08)	\$ 0.29	24%
Weighted average common shares outstanding											
Basic	118.7				118.7	123.7				123.7	
Diluted	120.7				120.7	125.8				125.8	

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) Effective January 1, 2018, as a result of its business transformation initiative, Teradata implemented a new revenue reporting structure, wherein revenues are now reported under "Recurring", "Perpetual software licenses and hardware" and "Consulting services" categories. Prior revenue and gross profit data has been reclassified to conform to the current period presentation.

3) Special items for the three months ended September 30, 2018 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets and \$14 million (\$10 million after-tax) for integration, and transformation activities including the Dayton office closure, \$1 million (\$1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and \$7 million tax benefit for tax reform rate difference and SAB 118 adjustments.

4) Special items for the three months ended September 30, 2017 include \$2 million (\$1 million after-tax) for amortization of acquired intangible assets, \$13 million (\$9 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses, \$5 million (\$4 million after tax) for reversal of previously expensed transformation charge related to the discontinuation of our prior hardware platforms and a \$6 million tax impact related to a reversal of TMA uncertain tax positions

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Nine Months Ended September 30

	2018					2017					% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense	Other Special Items ³	Capitalized Software ASC 985-20	Non-GAAP ¹	GAAP ²	Equity Compensation Expense	Other Special Items ⁴	Capitalized Software ASC 985-20	Non-GAAP ¹	
Revenue											
Recurring	\$ 926	\$ -	\$ -	\$ -	\$ 926	\$ 846	\$ -	\$ -	\$ -	\$ 846	9%
Perpetual software licenses and hardware	243	-	-	-	243	271	-	-	-	271	
Consulting services	407	-	-	-	407	413	-	-	-	413	-1%
Total revenue	1,576	-	-	-	1,576	1,530	-	-	-	1,530	3%
Gross profit											
Recurring	655	(3)	-	(20)	678	623	(2)	-	(19)	644	5%
% of Revenue	70.7%				73.2%	73.6%				76.1%	
Perpetual software licenses and hardware	79	-	-	(18)	97	102	-	-	(37)	139	
% of Revenue	32.5%				39.9%	37.6%				51.3%	
Consulting services	3	(8)	(3)	-	14	(8)	(8)	(4)	-	4	250%
% of Revenue	0.7%				3.4%	-1.9%				1.0%	
Total gross profit	737	(11)	(3)	(38)	789	717	(10)	(4)	(56)	787	0%
% of Revenue	46.8%				50.1%	46.9%				51.4%	
Selling, general and administrative expenses	481	26	20	-	435	481	30	30	-	421	3%
Research and development expenses	236	13	5	-	218	228	11	10	-	207	5%
Total expenses	717	39	25	-	653	709	41	40	-	628	4%
% of Revenue	45.5%				41.4%	46.3%				41.0%	
Income from operations	20	(50)	(28)	(38)	136	8	(51)	(44)	(56)	159	-14%
% of Revenue	1.3%				8.6%	0.5%				10.4%	
Other expense, net	(12)	-	-	-	(12)	(7)	-	1	-	(8)	
Income before income taxes	8	(50)	(28)	(38)	124	1	(51)	(43)	(56)	151	-18%
Income tax (benefit) expense	(7)	(10)	(13)	(10)	26	(6)	(14)	(21)	(21)	50	
% Tax rate	(87.5%)				21.0%	(400.0%)				33.1%	
Net income	\$ 15	\$ (40)	\$ (15)	\$ (28)	\$ 98	\$ 7	\$ (37)	\$ (22)	\$ (35)	\$ 101	-3%
% of Revenue	1.0%				6.2%	0.5%				6.6%	
Net income per common share											
Basic	\$ 0.13	\$ (0.33)	\$ (0.14)	\$ (0.23)	\$ 0.82	\$ 0.05	\$ (0.29)	\$ (0.17)	\$ (0.27)	\$ 0.79	3%
Diluted	\$ 0.12	\$ (0.33)	\$ (0.12)	\$ (0.23)	\$ 0.80	\$ 0.05	\$ (0.29)	\$ (0.17)	\$ (0.27)	\$ 0.78	3%
Weighted average common shares outstanding											
Basic	119.9				119.9	127.3				127.3	
Diluted	121.8				121.8	129.1				129.1	

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) Effective January 1, 2018, as a result of its business transformation initiative, Teradata implemented a new revenue reporting structure, wherein revenues are now reported under "Recurring", "Perpetual software licenses and hardware" and "Consulting services" categories. Prior revenue and gross profit data has been reclassified to conform to the current period presentation.

3) Special items for the nine months ended September 30, 2018 include \$4 million (\$4 million after-tax) for amortization of acquired intangible assets, \$22 million (\$16 million after-tax) for integration and transformation activities, including the Dayton office closure, \$2 million (\$2 million after tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018, and \$7 million tax benefit for tax reform rate difference and SAB 118 adjustments.

4) Special items for the nine months ended September 30, 2017 include \$5 million (\$4 million after-tax) for amortization of acquired intangible assets, \$43 million (\$27 million after-tax) for acquisition-related transaction, integration and reorganization expenses, \$5 million (\$4 million after tax) for reversal of previously expensed transformation charge related to the discontinuation of our prior hardware platforms and a \$6 million tax impact related to a reversal of TMA uncertain tax positions

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
Net Income (GAAP)	\$ 18	\$ 13	\$ 15	\$ 7
Net cash (used in) provided by operating activities (GAAP)	\$ (33)	\$ (8)	\$ 257	\$ 301
Less capital expenditures for:				
Expenditures for property and equipment	(34)	(29)	(92)	(59)
Additions to capitalized software	(1)	(3)	(5)	(7)
Free Cash Flow (non-GAAP measure) ¹	\$ (68)	\$ (40)	\$ 160	\$ 235

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.

Appendix 2
TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended June 30

	2018					2017					% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense	Other Special Items ³	Capitalized Software ASC 985-20	Non-GAAP ¹	GAAP ²	Equity Compensation Expense	Other Special Items ⁴	Capitalized Software ASC 985-20	Non-GAAP ¹	
Revenue											
Recurring	\$ 312	\$ -	\$ -	\$ -	\$ 312	\$ 281	\$ -	\$ -	\$ -	\$ 281	11%
Perpetual software licenses and hardware	97	-	-	-	97	91	-	-	-	91	7%
Consulting services	135	-	-	-	135	141	-	-	-	141	-4%
Total revenue	544	-	-	-	544	513	-	-	-	513	6%
Gross profit											
Recurring	224	(1)	-	(6)	231	209	(1)	-	(7)	217	6%
% of Revenue	71.8%				74.0%	74.4%				77.2%	
Perpetual software licenses and hardware	24	-	-	(6)	30	34	-	-	(12)	46	-35%
% of Revenue	24.7%				30.9%	37.4%				50.5%	
Consulting services	2	(3)	-	-	5	(1)	(3)	(1)	-	3	67%
% of Revenue	1.5%				3.7%	-0.7%				2.1%	
Total gross profit	250	(4)	-	(12)	266	242	(4)	(1)	(19)	266	0%
% of Revenue	46.0%				48.9%	47.2%				51.9%	
Selling, general and administrative expenses	163	8	6	-	149	165	11	8	-	146	2%
Research and development expenses	77	4	1	-	72	78	4	2	-	72	0%
Total expenses	240	12	7	-	221	243	15	10	-	218	1%
% of Revenue	44.1%				40.6%	47.4%				42.5%	
Income (loss) from operations	10	(16)	(7)	(12)	45	(1)	(19)	(11)	(19)	48	-6%
% of Revenue	1.8%				8.3%	(0.2%)				9.4%	
Other expense, net	(4)	-	-	-	(4)	(2)	-	1	-	(3)	
Income (loss) before income taxes	6	(16)	(7)	(12)	41	(3)	(19)	(10)	(19)	45	-9%
Income tax expense	2	(3)	(1)	(3)	9	1	(5)	(4)	(7)	17	
% Tax rate	33.3%				22.0%	(33.3%)				37.6%	
Net income (loss)	\$ 4	\$ (13)	\$ (6)	\$ (9)	\$ 32	\$ (4)	\$ (14)	\$ (6)	\$ (12)	\$ 28	14%
% of Revenue	0.7%				5.9%	(0.8%)				5.5%	
Net income (loss) per common share											
Basic	\$ 0.03	\$ (0.11)	\$ (0.05)	\$ (0.08)	\$ 0.27	\$ (0.03)	\$ (0.11)	\$ (0.05)	\$ (0.09)	\$ 0.22	22%
Diluted	\$ 0.03	\$ (0.11)	\$ (0.06)	\$ (0.07)	\$ 0.26	\$ (0.03)	\$ (0.11)	\$ (0.05)	\$ (0.09)	\$ 0.22	22%
Weighted average common shares outstanding											
Basic	119.5				119.5	127.9				127.9	
Diluted ²	121.5				121.5	127.9				129.5	

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) Effective January 1, 2018, as a result of its business transformation initiative, Teradata implemented a new revenue reporting structure, wherein revenues are now reported under "Recurring", "Perpetual software licenses and hardware" and "Consulting services" categories. Prior revenue and gross profit data has been reclassified to conform to the current period presentation.

3) Special items for the three months ended June 30, 2018 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets and \$5 million (\$4 million after-tax) for integration, and transformation activities including the Dayton office closure, and \$1 million (\$1 million after tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

4) Special items for the three months ended June 30, 2017 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, \$8 million (\$4 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses.

5) Diluted shares are excluded from the GAAP diluted share count for 2017 because their effect would have been anti-dilutive
Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Net loss (GAAP)	\$ 4	\$ (4)	\$ (3)	\$ (6)
Net cash provided by operating activities (GAAP)	\$ 106	\$ 61	\$ 290	\$ 309
Less capital expenditures for:				
Expenditures for property and equipment	(32)	(14)	(58)	(30)
Additions to capitalized software	(2)	(2)	(4)	(4)
Free Cash Flow (non-GAAP measure) ¹	\$ 72	\$ 45	\$ 228	\$ 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.

Appendix 3
TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended March 31

	2018					2017					% Change Non-GAAP Yr/Yr
	GAAP	Equity Compensation Expense	Other Special Items ³	Capitalized Software ASC 985-20	Non-GAAP ¹	GAAP ²	Equity Compensation Expense	Other Special Items ⁴	Capitalized Software ASC 985-20	Non-GAAP ¹	
Revenue											
Recurring	\$ 302	\$ -	\$ -	\$ -	\$ 302	\$ 273	\$ -	\$ -	\$ -	\$ 273	11%
Perpetual software licenses and hardware	69	-	-	-	69	90	-	-	-	90	-23%
Consulting services	135	-	-	-	135	128	-	-	-	128	5%
Total revenue	506	-	-	-	506	491	-	-	-	491	3%
Gross profit											
Recurring	212	(1)	-	(8)	221	206	-	-	(7)	213	4%
% of Revenue	70.2%				73.2%	75.5%				78.0%	
Perpetual software licenses and hardware	21	-	-	(7)	28	29	-	(1)	(14)	44	-36%
% of Revenue	30.4%				40.6%	32.2%				48.9%	
Consulting services	(10)	(3)	(3)	-	(4)	(10)	(3)	(1)	-	(6)	-33%
% of Revenue	-7.4%				-3.0%	-7.8%				-4.7%	
Total gross profit	223	(4)	(3)	(15)	245	225	(3)	(2)	(21)	251	-2%
% of Revenue	44.1%				48.4%	45.8%				51.1%	
Selling, general and administrative expenses	152	10	-	-	142	155	9	19	-	127	12%
Research and development expenses	75	5	2	-	68	70	3	2	-	65	5%
Total expenses	227	15	2	-	210	225	12	21	-	192	9%
% of Revenue	44.9%				41.5%	45.8%				39.1%	
(Loss) income from operations	(4)	(19)	(5)	(15)	35	-	(15)	(23)	(21)	59	-41%
% of Revenue	(0.8%)				6.9%	0.0%				12.0%	
Other expense, net	(4)	-	-	-	(4)	(2)	-	-	-	(2)	
(Loss) income before income taxes	(8)	(19)	(5)	(15)	31	(2)	(15)	(23)	(21)	57	-46%
Income tax (benefit) expense	(1)	(4)	(1)	(4)	8	-	(5)	(7)	(8)	20	
% Tax rate	12.5%				25.8%	0.0%				35.1%	
Net (loss) income	\$ (7)	\$ (15)	\$ (4)	\$ (11)	\$ 23	\$ (2)	\$ (10)	\$ (16)	\$ (13)	\$ 37	-38%
% of Revenue	(1.4%)				4.5%	(0.4%)				7.5%	
Net (loss) income per common share											
Basic	\$ (0.06)	\$ (0.12)	\$ (0.03)	\$ (0.09)	\$ 0.19	\$ (0.02)	\$ (0.08)	\$ (0.12)	\$ (0.10)	\$ 0.28	-33%
Diluted	\$ (0.06)	\$ (0.12)	\$ (0.04)	\$ (0.09)	\$ 0.19	\$ (0.02)	\$ (0.08)	\$ (0.12)	\$ (0.10)	\$ 0.28	-34%
Weighted average common shares outstanding											
Basic	121.4				121.4	130.4				130.4	
Diluted	121.4				123.4	130.4				131.9	

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) Effective January 1, 2018, as a result of its business transformation initiative, Teradata implemented a new revenue reporting structure, wherein revenues are now reported under "Recurring revenue", "Software licenses and hardware" and "Consulting revenue" categories. Prior revenue and gross profit data has been reclassified to conform to the current period presentation.

3) Special items for the three months ended March 31, 2018 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets and \$3 million (\$2 million after-tax) for acquisition-related transaction, integration, and transformation activities.

4) Special items for the three months ended March 31, 2017 include \$2 million (\$1 million after-tax) for amortization of acquired intangible assets, \$21 million (\$15 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses, which includes an \$8 million (\$6 million after-tax) transformation charge related to the discontinuation of our prior hardware platforms.

5) Diluted shares are excluded from the GAAP diluted share count because their effect would have been anti-dilutive

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

	Three Months Ended March 31	
	2018	2017
Net loss (GAAP)	\$ (7)	\$ (2)
Net cash provided by operating activities (GAAP)	\$ 184	\$ 248
Less capital expenditures for:		
Expenditures for property and equipment	(26)	(16)
Additions to capitalized software	(2)	(2)
Free Cash Flow (non-GAAP measure) ¹	\$ 156	\$ 230

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.

Appendix 34
TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended December 31

	2017				
	GAAP	Equity Compensation Expense	Other Special Items ³	Capitalized Software ASC 985-20	Non-GAAP ¹
Revenue					
Recurring revenue	\$ 299	\$ -	\$ -	\$ -	\$ 299
Perpetual software licenses and hardware	158				158
Consulting services	169	-	-	-	169
Total revenue	626	-	-	-	626
Gross profit					
Recurring revenue	218	(1)	-	(5)	224
% of Revenue	72.9%				74.9%
Perpetual software licenses and hardware	68	-	-	(10)	78
% of Revenue	43.0%				49.4%
Consulting services	21	(2)	-	-	23
% of Revenue	12.4%				13.6%
Total gross profit	307	(3)	-	(15)	325
% of Revenue	49.0%				51.9%
Selling, general and administrative expenses	170	10	(2)		162
Research and development expenses	77	4	3		70
Total expenses	247	14	1	-	232
% of Revenue	39.5%				37.1%
Income from operations	60	(17)	(1)	(15)	93
% of Revenue	9.6%				14.9%
Other (expense) income, net	(3)	-	1		(4)
Income before income taxes	57	(17)	-	(15)	89
Income tax (benefit) expense	131	(7)	126	(5)	17
% Tax rate	229.8%				19.1%
Net (loss) income	\$ (74)	\$ (10)	\$ (126)	\$ (10)	\$ 72
% of Revenue	(11.8%)				11.5%
Net (loss) income per common share					
Basic	\$ (0.61)	\$ (0.08)	\$ (1.04)	\$ (0.08)	\$ 0.59
Diluted	\$ (0.61)	\$ (0.08)	\$ (1.03)	\$ (0.08)	\$ 0.58
Weighted average common shares outstanding					
Basic	121.1				121.1
Diluted	121.1				123.5

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) Effective January 1, 2017, as a result of its business transformation initiative, Teradata implemented a new revenue reporting structure, wherein revenues are now reported under "Product and cloud" and "Services" categories. Prior revenue and gross profit data has been reclassified to conform to the current period presentation.

3) Special items for the three months ended December 31, 2017 include \$3 million (\$2 million after-tax) for amortization of acquired intangible assets and \$3 million (\$2 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expense reversals, and \$126 million tax impact related to 2017 U.S. Tax Reform

4) Diluted shares are excluded from the GAAP diluted share count because their effect would have been anti-dilutive

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Twelve Months Ended December 31

	2017				
	GAAP	Equity Compensation Expense	Other Special Items ³	Capitalized Software ASC 985-20	Non-GAAP ¹
Revenue					
Recurring revenue	\$ 1,145	\$ -	\$ -	\$ -	\$ 1,145
Perpetual software licenses and hardware	429				429
Consulting services	582				582
Total revenue	2,156	-	-	-	2,156
Gross profit					
Recurring revenue	841	(3)	-	(24)	868
% of Revenue	73.4%				75.8%
Perpetual software licenses and hardware	170	-	-	(47)	217
% of Revenue	39.6%				50.6%
Consulting services	13	(10)	(4)		27
% of Revenue	2.2%				4.6%
Total gross profit	1,024	(13)	(4)	(71)	1,112
% of Revenue	47.5%				51.6%
Selling, general and administrative expenses	651	40	28	-	583
Research and development expenses	305	15	13	-	277
Total expenses	956	55	41	-	860
% of Revenue	44.3%				39.9%
Income from operations	68	(68)	(45)	(71)	252
% of Revenue	3.2%				11.7%
Other expense, net	(10)	-	2	-	(12)
Income before income taxes	58	(68)	(43)	(71)	240
Income tax (benefit) expense	125	(21)	105	(26)	67
% Tax rate	215.5%				27.9%
Net (loss) income	\$ (67)	\$ (47)	\$ (148)	\$ (45)	\$ 173
% of Revenue	(3.1%)				8.0%
Net (loss) income per common share					
Basic	\$ (0.53)	\$ (0.37)	\$ (1.19)	\$ (0.36)	\$ 1.38
Diluted	\$ (0.53)	\$ (0.37)	\$ (1.16)	\$ (0.35)	\$ 1.35
Weighted average common shares outstanding					
Basic	125.8				125.8
Diluted ⁴	125.8				127.8

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) Effective January 1, 2017, as a result of its business transformation initiative, Teradata implemented a new revenue reporting structure, wherein revenues are now reported under "Product and cloud" and "Services" categories. Prior revenue and gross profit data has been reclassified to conform to the current period presentation.

3) Special items for the twelve months ended December 31, 2017 include \$8 million (\$6 million after-tax) for amortization of acquired intangible assets, \$35 million (\$22 million after-tax) for acquisition-related transaction, integration and reorganization expenses, \$6 million tax impact related to a reversal of TMA uncertain tax positions, and a \$126 million tax impact related to 2017 U.S. Tax Reform.

4) Diluted shares are excluded from the GAAP diluted share count because their effect would have been anti-dilutive

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2017	2016	2017	2016
Net (loss) income (GAAP)	\$ (74)	\$ 58	\$ (67)	\$ 125
Net cash provided by operating activities (GAAP)	\$ 23	\$ 52	\$ 324	\$ 446
Less capital expenditures for:				
Expenditures for property and equipment	(19)	(21)	(78)	(53)
Additions to capitalized software	(2)	(11)	(9)	(65)
Free Cash Flow (non-GAAP measure) ¹	\$ (21)	\$ (9)	\$ 237	\$ 328

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.