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

	2015				2014				
	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]	% Change Non-GAAP Yr/Yr
Revenue									
Products	**$ 256**	$ -	$ -	$ 256	**$ 300**	$ -	$ -	$ 300	-15%
Services	**367**	-	-	367	**376**	-	-	376	-2%
Total revenue	**623**	-	-	623	**676**	-	-	676	-8%
Gross margin									
Products	**163**	-	(5)	168	**195**	-	(3)	198	-15%
% of Revenue	**63.7%**			65.6%	**65.0%**			66.0%	
Services	**164**	(3)	(3)	170	**176**	(3)	(2)	181	-6%
% of Revenue	**44.7%**			46.3%	**46.8%**			48.1%	
Total gross margin	**327**	(3)	(8)	338	**371**	(3)	(5)	379	-11%
% of Revenue	**52.5%**			54.3%	**54.9%**			56.1%	
Selling, general and administrative expenses	**190**	8	3	179	**188**	8	7	173	3%
Research and development expenses	**59**	2	5	52	**50**	2	1	47	11%
Impairment of goodwill	**340**	-	340	-	**-**	-	-	-	
Total expenses	**589**	10	348	231	**238**	10	8	220	5%
% of Revenue	**94.5%**			37.1%	**35.2%**			32.5%	
(Loss) income from operations	**(262)**	(13)	(356)	107	**133**	(13)	(13)	159	-33%
% of Revenue	**(42.1%)**			17.2%	**19.7%**			23.5%	
Other income (expense), net	**13**	-	15	(2)	**(1)**	-	(1)	-	
(Loss) income before income taxes	**(249)**	(13)	(341)	105	**132**	(13)	(14)	159	-34%
Income tax expense	**16**	(4)	(9)	29	**36**	(4)	(5)	45	
% Tax rate	**(6.4%)**			27.6%	**27.3%**			28.3%	
Net (loss) income	**$ (265)**	$ (9)	$ (332)	$ 76	**$ 96**	$ (9)	$ (9)	$ 114	-33%
% of Revenue	**(42.5%)**			12.2%	**14.2%**			16.9%	
Net (loss) income per common share									
Basic	**$ (1.87)**	$ (0.06)	$ (2.35)	$ 0.54	**$ 0.61**	$ (0.06)	$ (0.06)	$ 0.73	-26%
Diluted	**$ (1.87)**	$ (0.06)	$ (2.34)	$ 0.53	**$ 0.60**	$ (0.06)	$ (0.06)	$ 0.72	-26%
Weighted average common shares outstanding									
Basic	**141.9**			141.9	**156.9**			156.9	
Diluted[4]	**141.9**			144.4	**159.4**			159.4	

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 June 30, 2015 include $13 million ($9 million after-tax) for equity compensation expense, $11 million ($6 million after-tax) for amortization of acquired intangible assets, $5 million ($3 million after-tax) for acquisition-related transaction, integration and reorganization expenses, $15 million ($9 million after-tax) for a gain on an equity investment, and $340 million ($332 million after-tax) for impairment of goodwill.

3) Special items for the three months ended June 30, 2014 include $13 million ($9 million after-tax) for equity compensation expense, $11 million ($7 million after-tax) for amortization of acquired intangible assets $2 million ($1 million after-tax) for acquisition-related transaction, integration and reorganization expenses and $1 million ($1 million after-tax) for costs related to net losses on equity investments.

4) Diluted shares are excluded from the diluted share count for 2015 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 Six Months Ended June 30

	2015				2014				
	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]	% Change Non-GAAP Yr/Yr
Revenue									
Products	**$ 497**	$ -	$ -	$ 497	**$ 573**	$ -	$ -	$ 573	-13%
Services	**708**	-	-	708	**731**	-	-	731	-3%
Total revenue	**1,205**	-	-	1,205	**1,304**	-	-	1,304	-8%
Gross margin									
Products	**295**	-	(9)	304	**376**	-	(8)	384	-21%
% of Revenue	**59.4%**			61.2%	**65.6%**			67.0%	
Services	**309**	(7)	(5)	321	**328**	(6)	(6)	340	-6%
% of Revenue	**43.6%**			45.3%	**44.9%**			46.5%	
Total gross margin	**604**	(7)	(14)	625	**704**	(6)	(14)	724	-14%
% of Revenue	**50.1%**			51.9%	**54.0%**			55.5%	
Selling, general and administrative expenses	**374**	18	7	349	**376**	15	13	348	0%
Research and development expenses	**122**	5	9	108	**106**	4	10	92	17%
Impairment of goodwill	**340**	-	340	-	**-**	-	-	-	
Total expenses	**836**	23	356	457	**482**	19	23	440	4%
% of Revenue	**69.4%**			37.9%	**37.0%**			33.7%	
(Loss) income from operations	**(232)**	(30)	(370)	168	**222**	(25)	(37)	284	-41%
% of Revenue	**(19.3%)**			13.9%	**17.0%**			21.8%	
Other income (expense), net	**13**	-	15	(2)	**(8)**	-	(8)	-	
(Loss) income before income taxes	**(219)**	(30)	(355)	166	**214**	(25)	(45)	284	-42%
Income tax expense	**24**	(9)	(13)	46	**59**	(8)	(16)	83	
% Tax rate	**(11.0%)**			27.7%	**27.6%**			29.2%	
Net (loss) income	**$ (243)**	$ (21)	$ (342)	$ 120	**$ 155**	$ (17)	$ (29)	$ 201	-40%
% of Revenue	**(20.2%)**			10.0%	**11.9%**			15.4%	
Net (loss) income per common share									
Basic	**$ (1.69)**	$ (0.15)	$ (2.38)	$ 0.84	**$ 0.98**	$ (0.11)	$ (0.18)	$ 1.27	-34%
Diluted	**$ (1.69)**	$ (0.15)	$ (2.36)	$ 0.82	**$ 0.97**	$ (0.11)	$ (0.17)	$ 1.25	-34%
Weighted average common shares outstanding									
Basic	**143.6**			143.6	**157.7**			157.7	
Diluted[4]	**143.6**			146.1	**160.2**			160.2	

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 six months ended June 30, 2015 include $30 million ($21 million after-tax) for equity compensation expense, $22 million ($14 million after-tax) for amortization of acquired intangible assets, $8 million ($5 million after-tax) for acquisition-related transaction, integration and reorganization expenses, $15 million ($9 million after-tax) for a gain on an equity investment, and $340 million ($332 million after-tax) for impairment of goodwill.

3) Special items for the six months ended June 30, 2014 include $25 million ($17 million after-tax) for equity compensation expense, $23 million ($15 million after-tax) for amortization of acquired intangible assets, $14 million ($8 million after-tax) for acquisition-related transaction, integration and reorganization expenses and $8 million ($6 million after-tax) for costs related to net losses on equity investments.

4) Diluted shares are excluded from the diluted share count for 2015 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			
	2015		2014		2015		2014	
Net (loss) Income (GAAP)	$	(265)	$	96	$	(243)	$	155
Net cash provided by operating activities (GAAP)	**$**	**80**	**$**	**138**	**$**	**302**	**$**	**481**
Less capital expenditures for:								
Expenditures for property and equipment		(12)		(9)		(29)		(21)
Additions to capitalized software		(15)		(16)		(30)		(37)
Free Cash Flow (non-GAAP measure) [1]	**$**	**53**	**$**	**113**	**$**	**243**	**$**	**423**

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 June 30				Six Months Ended June 30			
	2015		2014		2015		2014	
Research and development expenses (GAAP)	**$**	**59**	**$**	**50**	**$**	**122**	**$**	**106**
Less								
Equity compensation expense[2]		(2)		(2)		(5)		(4)
Other special items[2]		(5)		(1)		(9)		(10)
Research and development expenses (non-GAAP)[1]		**52**		**47**		**108**		**92**
Additions to capitalized software (GAAP)		**15**		**16**		**30**		**37**
Less								
Internal-use software		(2)		(1)		(4)		(3)
External-use software		**13**		**15**		**26**		**34**
Total research and development spend (non-GAAP)[1]	**$**	**65**	**$**	**62**	**$**	**134**	**$**	**126**
% of Product Revenue		25.4%		20.7%		27.0%		22.0%

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2) Special items for the three and six months ended June 30, 2015 include $2 and $5 million for equity compensation expense, as well as $5 and $9 million for acquisition-related transaction, integration and reorganization expenses, and amortization of acquired intangible assets. Special items for the three and six months ended June 30, 2014 include $2 and $4 million for equity compensation expense, as well as $1 and $10 million for acquisition-related transaction and integration expenses, and amortization of acquired intangible assets.