

**TERADATA CORPORATION**  
**RECONCILIATION OF RESULTS - NON-GAAP TO GAAP**

Reflects the Impact of Special Items

(in millions, except per share amounts - unaudited)

For the Three Months Ended December 31

	2014				2013				
	GAAP	Equity Compensation Expense <sup>2</sup>	Other Special Items <sup>2</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	GAAP	Equity Compensation Expense <sup>3</sup>	Other Special Items <sup>3</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	% Change Non-GAAP Yr/Yr
<b>Revenue</b>									
Products	\$ 360	\$ -	\$ -	\$ 360	\$ 372	\$ -	\$ -	\$ 372	-3%
Services	401	-	-	401	397	-	-	397	1%
<b>Total revenue</b>	<b>761</b>	<b>-</b>	<b>-</b>	<b>761</b>	<b>769</b>	<b>-</b>	<b>-</b>	<b>769</b>	<b>-1%</b>
<b>Gross margin</b>									
Products	233	-	(4)	237	251	-	(4)	255	-7%
% of Revenue	64.7%			65.8%	67.5%			68.5%	
Services	192	(3)	(1)	196	180	(2)	(4)	186	5%
% of Revenue	47.9%			48.9%	45.3%			46.9%	
<b>Total gross margin</b>	<b>425</b>	<b>(3)</b>	<b>(5)</b>	<b>433</b>	<b>431</b>	<b>(2)</b>	<b>(8)</b>	<b>441</b>	<b>-2%</b>
% of Revenue	55.8%			56.9%	56.0%			57.3%	
Selling, general and administrative expenses	213	8	7	198	210	6	7	197	1%
Research and development expenses	54	3	3	48	44	2	3	39	23%
<b>Total expenses</b>	<b>267</b>	<b>11</b>	<b>10</b>	<b>246</b>	<b>254</b>	<b>8</b>	<b>10</b>	<b>236</b>	<b>4%</b>
% of Revenue	35.1%			32.3%	33.0%			30.7%	
<b>Income from operations</b>	<b>158</b>	<b>(14)</b>	<b>(15)</b>	<b>187</b>	<b>177</b>	<b>(10)</b>	<b>(18)</b>	<b>205</b>	<b>-9%</b>
% of Revenue	20.8%			24.6%	23.0%			26.7%	
Other expense, net	(1)	-	(1)	-	(23)	-	(22)	(1)	
<b>Income before income taxes</b>	<b>157</b>	<b>(14)</b>	<b>(16)</b>	<b>187</b>	<b>154</b>	<b>(10)</b>	<b>(40)</b>	<b>204</b>	<b>-8%</b>
Income tax expense	39	(4)	(4)	47	42	(3)	(15)	60	
% Tax rate	24.8%			25.1%	27.3%			29.4%	
<b>Net income</b>	<b>\$ 118</b>	<b>\$ (10)</b>	<b>\$ (12)</b>	<b>\$ 140</b>	<b>\$ 112</b>	<b>\$ (7)</b>	<b>\$ (25)</b>	<b>\$ 144</b>	<b>-3%</b>
% of Revenue	15.5%			18.4%	14.6%			18.7%	
<b>Net income per common share</b>									
Basic income per share	\$ 0.78	\$ (0.07)	\$ (0.07)	\$ 0.92	\$ 0.69	\$ (0.04)	\$ (0.16)	\$ 0.89	3%
Diluted income per share	\$ 0.77	\$ (0.07)	\$ (0.07)	\$ 0.91	\$ 0.68	\$ (0.04)	\$ (0.16)	\$ 0.88	3%
<b>Weighted average common shares outstanding</b>									
Basic	151.8			151.8	161.7			161.7	
Diluted	154.1			154.1	164.4			164.4	

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 December 31, 2014 include \$14 million (\$10 million after-tax) for equity compensation expense, \$12 million (\$8 million after-tax) for amortization of acquired intangible assets and \$4 million (\$4 million after-tax) for acquisition-related transaction, integration and reorganization expenses.

3) Special items for the three months ended December 31, 2013 include \$10 million (\$7 million after-tax) for equity compensation expense, \$10 million (\$6 million after-tax) for amortization of acquired intangible assets, \$8 million (\$5 million after-tax) for acquisition-related transaction and integration expenses and \$22 million (\$14 million after-tax) for costs related to net losses on equity investments.

**TERADATA CORPORATION**  
**RECONCILIATION OF RESULTS - NON-GAAP TO GAAP**

Reflects The Impact of Special Items  
(in millions, except per share amounts - unaudited)  
For the Twelve Months Ended December 31

	2014				2013				
	GAAP	Equity Compensation Expense <sup>2</sup>	Other Special Items <sup>2</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	GAAP	Equity Compensation Expense <sup>3</sup>	Other Special Items <sup>3</sup>	Non-GAAP Excluding Stock Comp. Expense and Special Items <sup>1</sup>	% Change Non-GAAP Yr/Yr
<b>Revenue</b>									
Products	\$ 1,227	\$ -	\$ -	\$ 1,227	\$ 1,230	\$ -	\$ -	\$ 1,230	0%
Services	1,505	-	-	1,505	1,462	-	-	1,462	3%
<b>Total revenue</b>	<b>2,732</b>	<b>-</b>	<b>-</b>	<b>2,732</b>	<b>2,692</b>	<b>-</b>	<b>-</b>	<b>2,692</b>	<b>1%</b>
<b>Gross margin</b>									
Products	784	-	(16)	800	\$ 797	-	(17)	814	-2%
% of Revenue	63.9%			65.2%	64.8%			66.2%	
Services	695	(11)	(10)	716	676	(7)	(11)	694	3%
% of Revenue	46.2%			47.6%	46.2%			47.5%	
<b>Total gross margin</b>	<b>1,479</b>	<b>(11)</b>	<b>(26)</b>	<b>1,516</b>	<b>1,473</b>	<b>(7)</b>	<b>(28)</b>	<b>1,508</b>	<b>1%</b>
% of Revenue	54.1%			55.5%	54.7%			56.0%	
Selling, general and administrative expenses	770	30	25	715	757	33	22	702	2%
Research and development expenses	206	9	17	180	184	9	10	165	9%
<b>Total expenses</b>	<b>976</b>	<b>39</b>	<b>42</b>	<b>895</b>	<b>941</b>	<b>42</b>	<b>32</b>	<b>867</b>	<b>3%</b>
% of Revenue	35.7%			32.8%	35.0%			32.2%	
<b>Income from operations</b>	<b>503</b>	<b>(50)</b>	<b>(68)</b>	<b>621</b>	<b>532</b>	<b>(49)</b>	<b>(60)</b>	<b>641</b>	<b>-3%</b>
% of Revenue	18.4%			22.7%	19.8%			23.8%	
Other expense, net	(9)	-	(9)	-	(24)	-	(22)	(2)	
<b>Income before income taxes</b>	<b>494</b>	<b>(50)</b>	<b>(77)</b>	<b>621</b>	<b>508</b>	<b>(49)</b>	<b>(82)</b>	<b>639</b>	<b>-3%</b>
Income tax expense	127	(16)	(26)	169	131	(16)	(33)	180	
% Tax rate	25.7%			27.2%	25.8%			28.2%	
<b>Net income</b>	<b>\$ 367</b>	<b>\$ (34)</b>	<b>\$ (51)</b>	<b>\$ 452</b>	<b>\$ 377</b>	<b>\$ (33)</b>	<b>\$ (49)</b>	<b>\$ 459</b>	<b>-2%</b>
% of Revenue	13.4%			16.5%	14.0%			17.1%	
<b>Net income per common share</b>									
Basic income per share	\$ 2.36	\$ (0.22)	\$ (0.33)	\$ 2.91	\$ 2.31	\$ (0.20)	\$ (0.30)	\$ 2.81	4%
Diluted income per share	\$ 2.33	\$ (0.22)	\$ (0.31)	\$ 2.86	\$ 2.27	\$ (0.20)	\$ (0.29)	\$ 2.76	4%
<b>Weighted average common shares outstanding</b>									
Basic	155.4			155.4	163.4			163.4	
Diluted	157.8			157.8	166.4			166.4	

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 twelve months ended December 31, 2014 include \$50 million (\$34 million after-tax) for equity compensation expense, \$47 million (\$31 million after-tax) for amortization of acquired intangible assets, \$22 million (\$14 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.

3) Special items for the nine months ended December 31, 2013 include \$49 million (\$33 million after-tax) for equity compensation expense, \$43 million (\$28 million after-tax) for amortization of acquired intangible assets, \$17 million (\$11 million after-tax) for acquisition-related transaction, integration and reorganization expenses and \$22 million (\$14 million after-tax) for costs related to net losses on equity investments, offset by a \$4 million tax credit due to the 2012 U.S. R&D tax credit, which was not enacted until 2013.

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2014	2013	2014	2013
Net Income (GAAP)	\$ 118	\$ 112	\$ 367	\$ 377
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$ 97</b>	<b>\$ 63</b>	<b>\$ 680</b>	<b>\$ 510</b>
Less capital expenditures for:				
Expenditures for property and equipment	(17)	(16)	(54)	(60)
Additions to capitalized software	(18)	(22)	(75)	(78)
<b>Free Cash Flow (non-GAAP measure)<sup>1</sup></b>	<b>\$ 62</b>	<b>\$ 25</b>	<b>\$ 551</b>	<b>\$ 372</b>

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 December 31		Twelve Months Ended December 31	
	2014	2013	2014	2013
<b>Research and development expenses (GAAP)</b>	<b>\$ 54</b>	<b>\$ 44</b>	<b>\$ 206</b>	<b>\$ 184</b>
Less				
Equity compensation expense <sup>2</sup>	(3)	(2)	(9)	(9)
Other special items <sup>2</sup>	(3)	(3)	(17)	(10)
<b>Research and development expenses (non-GAAP)<sup>1</sup></b>	<b>48</b>	<b>39</b>	<b>180</b>	<b>165</b>
<b>Additions to capitalized software (GAAP)</b>	<b>18</b>	<b>22</b>	<b>75</b>	<b>78</b>
Less				
Internal-use software	(2)	(1)	(7)	(6)
<b>External-use software</b>	<b>16</b>	<b>21</b>	<b>68</b>	<b>72</b>
<b>Total research and development spend (non-GAAP)<sup>1</sup></b>	<b>\$ 64</b>	<b>\$ 60</b>	<b>\$ 248</b>	<b>\$ 237</b>
% of Product Revenue	17.8%	16.1%	20.2%	19.3%

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 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 and twelve months ended December 31, 2014 include \$3 and \$9 million for equity compensation expense, as well as \$3 and \$17 million for acquisition-related transaction, integration and reorganization expenses, and amortization of acquired intangible assets. Special items for the three and twelve months ended December 31, 2013 include \$2 and \$9 million for equity compensation expense, as well as \$3 and \$10 million for acquisition-related transaction and integration expenses, and amortization of acquired intangible assets.