



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					Three Months				
	2011					2010				
	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	\$ 235	\$ -	\$ (6)	\$ 241		\$ 200	\$ -	\$ -	\$ 200	21%
Services	271	-	-	271		229	-	-	229	18%
Total revenue	506	-	(6)	512		429	-	-	429	19%
Gross margin										
Products	156	-	(7)	163		128	-	-	128	27%
% of Revenue	66.4%			67.6%		64.0%			64.0%	
Services	119	(1)	(2)	122		108	(1)	-	109	12%
% of Revenue	43.9%			45.0%		47.2%			47.6%	
Total gross margin	275	(1)	(9)	285		236	(1)	-	237	20%
% of Revenue	54.3%			55.7%		55.0%			55.2%	
Selling, general and administrative expenses	150	7	7	136		118	3	-	115	
Research and development expenses	34	1	-	33		32	1	-	31	
Total expenses	184	8	7	169		150	4	-	146	16%
% of Revenue	36.4%			33.0%		35.0%			34.0%	
Income from operations	91	(9)	(16)	116		86	(5)	-	91	27%
% of Revenue	18.0%			22.7%		20.0%			21.2%	
Other expense, net	(1)	-	-	(1)		-	-	-	-	
Income before income taxes	90	(9)	(16)	115		86	(5)	-	91	26%
Income tax expense	25	(3)	(5)	33		19	(2)	-	21	
% Tax rate	28%			29%		22%			23%	
Net income	\$ 65	\$ (6)	\$ (11)	\$ 82		\$ 67	\$ (3)	\$ -	\$ 70	17%
% of Revenue	12.8%			16.0%		15.6%			16.3%	
Net income per common share										
Basic income per share	\$ 0.39	\$ (0.04)	\$ (0.06)	\$ 0.49		\$ 0.40	\$ (0.02)	\$ -	\$ 0.42	17%
Diluted income per share	\$ 0.38	\$ (0.04)	\$ (0.06)	\$ 0.48		\$ 0.39	\$ (0.02)	\$ -	\$ 0.41	17%
Weighted average common shares outstanding										
Basic	168.4			168.4		167.8			167.8	
Diluted	171.8			171.8		170.5			170.5	

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) Special items for the three months ended March 31, 2011 includes \$9 million (\$6 million after-tax) for equity compensation expense, as well as \$6 million for acquisition-related purchase accounting adjustments, \$7 million for acquisition-related transaction, integration and reorganization expenses, and \$3 million for amortization of acquired intangible assets, with an offsetting tax impact of \$5 million.

3) Special items for the three months ended March 31, 2010 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>2011</u>	<u>2010</u>
Net Income (GAAP)	\$ 65	\$ 67
Net cash provided by operating activities (GAAP)	\$ 106	\$ 138
Less capital expenditures for:		
Expenditures for property and equipment	(8)	(6)
Additions to capitalized software	(19)	(15)
Free Cash Flow (non-GAAP measure) ¹	\$ 79	\$ 117
	122%	175%

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.