



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 September 30
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	\$ 243	\$ -	\$ -	\$ 243	\$ 191	\$ -	\$ -	\$ 191
Services	246	-	-	246	234	-	-	234
Total revenue	489	-	-	489	425	-	-	425
Gross margin								
Products	171	-	-	171	119	-	-	119
Services	108	(1)	-	109	108	(1)	-	109
Total gross margin	279	(1)	-	280	227	(1)	-	228
% of Revenue	57.1%			57.3%	53.4%			53.6%
Selling, general and administrative expenses	133	5	-	128	113	4	-	109
Research and development expenses	40	1	-	39	26	1	-	25
Total expenses	173	6	-	167	139	5	-	134
% of Revenue	35.4%			34.2%	32.7%			31.5%
Income from operations	106	(7)	-	113	88	(6)	-	94
% of Revenue	21.7%			23.1%	20.7%			22.1%
Other (expense) income, net	-	-	-	-	(4)	-	(5)	1
Income before income taxes	106	(7)	-	113	84	(6)	(5)	95
Income tax expense	31	(3)	-	34	21	(2)	(2)	25
% tax rate	29%			30%	25%			26%
Net income	\$ 75	\$ (4)	\$ -	\$ 79	\$ 63	\$ (4)	\$ (3)	\$ 70
% of Revenue	15.3%			16.2%	14.8%			16.5%
Net income per common share								
Basic income per share	\$ 0.45	\$ (0.02)	\$ -	\$ 0.47	\$ 0.37	\$ (0.02)	\$ (0.02)	\$ 0.41
Diluted income per share	\$ 0.44	\$ (0.02)	\$ -	\$ 0.46	\$ 0.36	\$ (0.02)	\$ (0.02)	\$ 0.40
Weighted average common shares outstanding								
Basic	167.2			167.2	171.7			171.7
Diluted	170.1			170.1	174.1			174.1

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) Special items for the three months ended September 30, 2010 includes \$7 million (\$4 million after-tax) for equity compensation expense.

3) Special items for the three months ended September 30, 2009 includes \$6 million (\$4 million after-tax) for equity compensation expense, and a \$5 million (\$3 million after-tax) impairment charge to write down the value of a historical equity investment.



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For the Periods Ended September 30

	Nine Months				Nine 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	\$ 666	\$ -	\$ -	\$ 666	\$ 533	\$ -	\$ -	\$ 533
Services	722	-	-	722	680	-	-	680
Total revenue	1,388	-	-	1,388	1,213	-	-	1,213
Gross margin								
Products	451	-	-	451	341	-	-	341
Services	332	(2)	-	334	319	(2)	-	321
Total gross margin	783	(2)	-	785	660	(2)	-	662
% of Revenue	56.4%			56.6%	54.4%			54.6%
Selling, general and administrative expenses	377	13	-	364	345	13	-	332
Research and development expenses	108	3	-	105	83	2	-	81
Total expenses	485	16	-	469	428	15	-	413
% of Revenue	34.9%			33.8%	35.3%			34.0%
Income from operations	298	(18)	-	316	232	(17)	-	249
% of Revenue	21.5%			22.8%	19.1%			20.5%
Other (expense) income, net	-	-	-	-	(4)	-	(5)	1
Income before income taxes	298	(18)	-	316	228	(17)	(5)	250
Income tax expense	82	(7)	-	89	58	(6)	(2)	66
% tax rate	28%			28%	25%			26%
Net income	\$ 216	\$ (11)	\$ -	\$ 227	\$ 170	\$ (11)	\$ (3)	\$ 184
% of Revenue	15.6%			16.4%	14.0%			15.2%
Net income per common share								
Basic income per share	\$ 1.29	\$ (0.07)	\$ -	\$ 1.36	\$ 0.99	\$ (0.06)	\$ (0.02)	\$ 1.07
Diluted income per share	\$ 1.27	\$ (0.06)	\$ -	\$ 1.33	\$ 0.98	\$ (0.06)	\$ (0.02)	\$ 1.06
Weighted average common shares outstanding								
Basic	167.3			167.3	172.4			172.4
Diluted	170.1			170.1	174.1			174.1

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) Special items for the nine months ended September 30, 2010 includes \$18 million (\$11 million after-tax) for equity compensation expense.

3) Special items for the nine months ended September 30, 2009 includes \$17 million (\$11 million after-tax) for equity compensation expense, and a \$5 million (\$3 million after-tax) impairment charge to write down the value of a historical equity investment.

TERADATA

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Net Income (GAAP)	\$ 75	\$ 63	\$ 216	\$ 170
Net cash provided by operating activities (GAAP)	\$ 65	\$ 96	\$ 265	\$ 364
Less capital expenditures for:				
Expenditures for property and equipment	(8)	(5)	(25)	(18)
Additions to capitalized software	(10)	(16)	(37)	(43)
Free Cash Flow (non-GAAP measure) ¹	\$ 47	\$ 75	\$ 203	\$ 303
<i>Free Cash Flow as a % of Net Income</i>	63%	119%	94%	178%

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.