



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 June 30

Three Months

	2010			2009		
	GAAP	Special Items ²	Non-GAAP Excluding Special Items ¹	GAAP	Special Items ³	Non-GAAP Excluding Special Items ¹
Revenue						
Products	\$ 223	\$ -	\$ 223	\$ 185	\$ -	\$ 185
Services	247	-	247	236	-	236
Total revenue	470	-	470	421	-	421
Gross margin						
Products	152	-	152	119	-	119
Services	116	-	116	114	-	114
Total gross margin	268	-	268	233	-	233
% of Revenue	57.0%		57.0%	55.3%		55.3%
Total expenses	162	6	156	149	6	143
% of Revenue	34.5%		33.2%	35.4%		34.0%
Income from operations	106	(6)	112	84	(6)	90
% of Revenue	22.6%		23.8%	20.0%		21.4%
Other income, net	-	-	-	-	-	-
Income before income taxes	106	(6)	112	84	(6)	90
Income tax expense	32	(2)	34	22	(2)	24
% tax rate	30%		30%	26%		27%
Net income	\$ 74	\$ (4)	\$ 78	\$ 62	\$ (4)	\$ 66
% of Revenue	15.7%		16.6%	14.7%		15.7%
Net income per common share						
Basic income per share	\$ 0.44	\$ (0.02)	\$ 0.47	\$ 0.36	\$ (0.02)	\$ 0.38
Diluted income per share	\$ 0.44	\$ (0.02)	\$ 0.46	\$ 0.36	\$ (0.02)	\$ 0.38
Weighted average common shares outstanding						
Basic	167.0		167.0	172.3		172.3
Diluted	169.8		169.8	173.9		173.9

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) Special items for the three months ended June 30, 2010 includes \$6 million (\$4 million after-tax) for equity compensation expense.

3) Special items for the three months ended June 30, 2009 includes \$6 million (\$4 million after-tax) for equity compensation expense.



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Six Months

	2010			2009		
	GAAP	Special Items ²	Non-GAAP Excluding Special Items ¹	GAAP	Special Items ³	Non-GAAP Excluding Special Items ¹
Revenue						
Products	\$ 423	\$ -	\$ 423	\$ 342	\$ -	\$ 342
Services	476	-	476	446	-	446
Total revenue	899	-	899	788	-	788
Gross margin						
Products	280	-	280	222	-	222
Services	224	(1)	225	211	(1)	212
Total gross margin	504	(1)	505	433	(1)	434
% of Revenue	56.1%		56.2%	54.9%		55.1%
Total expenses	312	10	302	289	10	279
% of Revenue	34.7%		33.6%	36.7%		35.4%
Income from operations	192	(11)	203	144	(11)	155
% of Revenue	21.4%		22.6%	18.3%		19.7%
Other (expense) income, net	-	-	-	-	-	-
Income before income taxes	192	(11)	203	144	(11)	155
Income tax expense	51	(4)	55	37	(4)	41
% tax rate	27%		27%	26%		26%
Net income	\$ 141	\$ (7)	\$ 148	\$ 107	\$ (7)	\$ 114
% of Revenue	15.7%		16.5%	13.6%		14.5%
Net income per common share						
Basic income per share	\$ 0.84	\$ (0.04)	\$ 0.88	\$ 0.62	\$ (0.04)	\$ 0.66
Diluted income per share	\$ 0.83	\$ (0.04)	\$ 0.87	\$ 0.61	\$ (0.04)	\$ 0.65
Weighted average common shares outstanding						
Basic	167.4		167.4	172.8		172.8
Diluted	170.2		170.2	174.1		174.1

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2) Special items for the six months ended June 30, 2010 includes \$11 million (\$7 million after-tax) for equity compensation expense.

3) Special items for the six months ended June 30, 2009 includes \$11 million (\$7 million after-tax) for equity compensation expense.

TERADATA

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

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Net Income (GAAP)	\$ 74	\$ 62	\$ 141	\$ 107
Net cash provided by operating activities (GAAP)	\$ 62	\$ 103	\$ 200	\$ 268
Less capital expenditures for:				
Expenditures for property and equipment	(11)	(4)	(17)	(13)
Additions to capitalized software	(12)	(16)	(27)	(27)
Free Cash Flow (non-GAAP measure) ¹	\$ 39	\$ 83	\$ 156	\$ 228
<i>Free Cash Flow as a % of Net Income</i>	53%	134%	111%	213%

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.