



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

	2009				2008			
	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	\$ 191	\$ -	\$ -	\$ 191	\$ 213	\$ -	\$ -	\$ 213
Services	234	-	-	234	226	-	-	226
Total revenue	425	-	-	425	439	-	-	439
Gross margin								
Products	119	-	-	119	137	-	-	137
Services	108	(1)	-	109	100	(1)	-	101
Total gross margin	227	(1)	-	228	237	(1)	-	238
% of Revenue	53.4%			53.6%	54.0%			54.2%
Selling, general and administrative expenses	113	4	-	109	123	3	-	120
Research and development expenses	26	1	-	25	28	1	-	27
Total expenses	139	5	-	134	151	4	-	147
% of Revenue	32.7%			31.5%	34.4%			33.5%
Income from operations	88	(6)	-	94	86	(5)	-	91
% of Revenue	20.7%			22.1%	19.6%			20.7%
Other (expense) income, net	(4)	-	(5)	1	(1)	-	(3)	2
Income before income taxes	84	(6)	(5)	95	85	(5)	(3)	93
Income tax expense	21	(2)	(2)	25	25	(1)	2	24
% tax rate	25%			26%	29%			26%
Net income	\$ 63	\$ (4)	\$ (3)	\$ 70	\$ 60	\$ (4)	\$ (5)	\$ 69
% of Revenue	14.8%			16.5%	13.7%			15.7%
Net income per common share								
Basic income per share	\$ 0.37	\$ (0.02)	\$ (0.02)	\$ 0.41	\$ 0.34	\$ (0.02)	\$ (0.03)	\$ 0.39
Diluted income per share	\$ 0.36	\$ (0.02)	\$ (0.02)	\$ 0.40	\$ 0.33	\$ (0.02)	\$ (0.03)	\$ 0.38
Weighted average common shares outstanding								
Basic	171.7			171.7	177.5			177.5
Diluted	174.1			174.1	179.4			179.4

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 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.

3) Special items for the three months ended September 30, 2008 includes \$5 million (\$4 million after-tax) for equity compensation expense, a \$3 million (\$2 million after-tax) impairment charge to write down the value of a historical equity investment, and a \$3 million charge to reflect an adjustment to tax expense based on the Company's actual 2007 U.S. federal tax return as filed.



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RECONCILIATION OF RESULTS - NON-GAAP TO GAAP
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Reflects The Impact of Special Items
(in millions, except per share amounts)

For the Periods Ended September 30
Nine Months

	2009				2008			
	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	\$ 533	\$ -	\$ -	\$ 533	\$ 599	\$ -	\$ -	\$ 599
Services	680	-	-	680	670	-	-	670
Total revenue	1,213	-	-	1,213	1,269	-	-	1,269
Gross margin								
Products	341	-	-	341	388	-	-	388
Services	319	(2)	-	321	292	(2)	-	294
Total gross margin	660	(2)	-	662	680	(2)	-	682
% of Revenue	54.4%			54.6%	53.6%			53.7%
Selling, general and administrative expenses	345	13	-	332	371	11	-	360
Research and development expenses	83	2	-	81	78	2	-	76
Total expenses	428	15	-	413	449	13	-	436
% of Revenue	35.3%			34.0%	35.4%			34.4%
Income from operations	232	(17)	-	249	231	(15)	-	246
% of Revenue	19.1%			20.5%	18.2%			19.4%
Other (expense) income, net	(4)	-	(5)	1	4	-	(3)	7
Income before income taxes	228	(17)	(5)	250	235	(15)	(3)	253
Income tax expense	58	(6)	(2)	66	64	(5)	2	67
% tax rate	25%			26%	27%			26%
Net income	\$ 170	\$ (11)	\$ (3)	\$ 184	\$ 171	\$ (10)	\$ (5)	\$ 186
% of Revenue	14.0%			15.2%	13.5%			14.7%
Net income per common share								
Basic income per share	\$ 0.99	\$ (0.06)	\$ (0.02)	\$ 1.07	\$ 0.95	\$ (0.06)	\$ (0.03)	\$ 1.04
Diluted income per share	\$ 0.98	\$ (0.06)	\$ (0.02)	\$ 1.06	\$ 0.94	\$ (0.06)	\$ (0.03)	\$ 1.03
Weighted average common shares outstanding								
Basic	172.4			172.4	179.1			179.1
Diluted	174.1			174.1	181.0			181.0

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, 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.

3) Special items for the nine months ended September 30, 2008 includes \$15 million (\$10 million after-tax) for equity compensation expense, a \$3 million (\$2 million after-tax) impairment charge to write down the value of a historical equity investment, and a \$3 million charge to reflect an adjustment to tax expense based on the Company's actual 2007 U.S. federal tax return as filed.

TERADATA

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Net Income (GAAP)	\$ 63	\$ 60	\$ 170	\$ 171
Net cash provided by operating activities (GAAP)	\$ 96	\$ 94	\$ 364	\$ 322
Less capital expenditures for:				
Expenditures for property and equipment	(5)	(2)	(18)	(13)
Additions to capitalized software	(16)	(13)	(43)	(45)
Free Cash Flow (non-GAAP measure) ¹	\$ 75	\$ 79	\$ 303	\$ 264
<i>Free Cash Flow as a % of Net Income</i>	119%	132%	178%	154%

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.