



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

	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	\$ 185	\$ -	\$ -	\$ 185	\$ 221	\$ -	\$ -	\$ 221
Services	236	-	-	236	234	-	-	234
Total revenue	421	-	-	421	455	-	-	455
Gross margin								
Products	119	-	-	119	146	-	-	146
Services	114	-	-	114	103	-	-	103
Total gross margin	233	-	-	233	249	-	-	249
% of Revenue	55.3%			55.3%	54.7%			54.7%
Selling, general and administrative expenses	122	5	-	117	132	4	-	128
Research and development expenses	27	1	-	26	25	1	-	24
Total expenses	149	6	-	143	157	5	-	152
% of Revenue	35.4%			34.0%	34.5%			33.4%
Income from operations	84	(6)	-	90	92	(5)	-	97
% of Revenue	20.0%			21.4%	20.2%			21.3%
Other income, net	-	-	-	-	2	-	-	2
Income before income taxes	84	(6)	-	90	94	(5)	-	99
Income tax expense	22	(2)	-	24	25	(2)	-	27
% tax rate	26%			27%	27%			27%
Net income	\$ 62	\$ (4)	\$ -	\$ 66	\$ 69	\$ (3)	\$ -	\$ 72
% of Revenue	14.7%			15.7%	15.2%			15.8%
Net income per common share								
Basic income per share	\$ 0.36	\$ (0.02)	\$ -	\$ 0.38	\$ 0.38	\$ (0.02)	\$ -	\$ 0.40
Diluted income per share	\$ 0.36	\$ (0.02)	\$ -	\$ 0.38	\$ 0.38	\$ (0.02)	\$ -	\$ 0.40
Weighted average common shares outstanding								
Basic	172.3			172.3	179.3			179.3
Diluted	173.9			173.9	181.2			181.2

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, 2009 includes \$6 million (\$4 million after-tax) for equity compensation expense.

3) Special items for the three months ended June 30, 2008 includes \$5 million (\$3 million after-tax) for equity compensation expense.



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For the Periods Ended June 30
Six 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	\$ 342	\$ -	\$ -	\$ 342	\$ 386	\$ -	\$ -	\$ 386
Services	446	-	-	446	444	-	-	444
Total revenue	788	-	-	788	830	-	-	830
Gross margin								
Products	222	-	-	222	251	-	-	251
Services	211	(1)	-	212	192	(1)	-	193
Total gross margin	433	(1)	-	434	443	(1)	-	444
% of Revenue	54.9%			55.1%	53.4%			53.5%
Selling, general and administrative expenses	232	9	-	223	248	8	-	240
Research and development expenses	57	1	-	56	50	1	-	49
Total expenses	289	10	-	279	298	9	-	289
% of Revenue	36.7%			35.4%	35.9%			34.8%
Income from operations	144	(11)	-	155	145	(10)	-	155
% of Revenue	18.3%			19.7%	17.5%			18.7%
Other income, net	-	-	-	-	5	-	-	5
Income before income taxes	144	(11)	-	155	150	(10)	-	160
Income tax expense	37	(4)	-	41	39	(4)	-	43
% tax rate	26%			26%	26%			27%
Net income	\$ 107	\$ (7)	\$ -	\$ 114	\$ 111	\$ (6)	\$ -	\$ 117
% of Revenue	13.6%			14.5%	13.4%			14.1%
Net income per common share								
Basic income per share	\$ 0.62	\$ (0.04)	\$ -	\$ 0.66	\$ 0.62	\$ (0.03)	\$ -	\$ 0.65
Diluted income per share	\$ 0.61	\$ (0.04)	\$ -	\$ 0.65	\$ 0.61	\$ (0.03)	\$ -	\$ 0.64
Weighted average common shares outstanding								
Basic	172.8			172.8	179.9			179.9
Diluted	174.1			174.1	181.8			181.8

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

3) Special items for the six months ended June 30, 2008 includes \$10 million (\$6 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	
	2009	2008	2009	2008
Net Income (GAAP)	\$ 62	\$ 69	\$ 107	\$ 111
Net cash provided by operating activities (GAAP)	\$ 103	\$ 85	\$ 268	\$ 228
Less capital expenditures for:				
Expenditures for property and equipment	(4)	(7)	(13)	(11)
Additions to capitalized software	(16)	(16)	(27)	(32)
Free Cash Flow (non-GAAP measure) ¹	\$ 83	\$ 62	\$ 228	\$ 185
<i>Free Cash Flow as a % of Net Income</i>	134%	90%	213%	167%

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.