

TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions - unaudited)

	2017					2018				
	Q1	Q2	Q3	Q4	T/Y	Q1	Q2	Q3	Q4	T/Y
Operating activities										
Net (loss) income	\$ (2)	\$ (4)	\$ 13	\$ (74)	\$ (67)	\$ (7)	\$ 4	\$ 18	\$ 15	\$ 30
Adjustments to reconcile net (loss) income to net cash provided by operating activities:										
Depreciation and amortization	36	34	33	35	138	34	30	31	35	130
Stock-based compensation expense	16	19	16	17	68	19	16	15	15	65
Deferred income taxes	(8)	(12)	(2)	(12)	(34)	(5)	(1)	(5)	(7)	(18)
Changes in assets and liabilities:										
Receivables	106	86	(10)	(188)	(6)	83	102	(3)	(216)	(34)
Inventories	(6)	(2)	(3)	14	3	(13)	15	(17)	17	2
Current payables and accrued expenses	(44)	31	13	12	12	(27)	(4)	23	116	108
Deferred revenue	145	(87)	(60)	117	115	124	(34)	(83)	108	115
Other assets and liabilities	5	(4)	(8)	102	95	(24)	(22)	(12)	24	(34)
Net cash provided by (used) in operating activities	248	61	(8)	23	324	184	106	(33)	107	364
Investing activities										
Expenditures for property and equipment	(16)	(14)	(29)	(19)	(78)	(26)	(32)	(34)	(61)	(153)
Additions to capitalized software	(2)	(2)	(3)	(2)	(9)	(2)	(2)	(1)	(2)	(7)
Business acquisitions and other investing activities, net	-	(18)	-	(3)	(21)	-	-	-	(3)	(3)
Net cash used in investing activities	(18)	(34)	(32)	(24)	(108)	(28)	(34)	(35)	(66)	(163)
Financing activities										
Repurchases of Company common stock	(43)	(108)	(200)	-	(351)	(60)	(97)	(49)	(94)	(300)
Repayments of long-term borrowings	(8)	(7)	(8)	(7)	(30)	(15)	(25)	-	-	(40)
Proceeds from credit facility borrowings	-	-	180	240	420	-	-	-	-	-
Repayments of credit facility borrowings	-	-	-	(180)	(180)	(240)	-	-	-	(240)
Payment of capital lease	-	-	-	-	-	-	-	(1)	(4)	(5)
Other financing activities, net	7	5	8	12	32	10	8	5	8	31
Net cash (used in) provided by financing activities	(44)	(110)	(20)	65	(109)	(305)	(114)	(45)	(90)	(554)
Effect of exchange rate changes on cash and cash equivalents	4	4	-	-	8	-	(15)	(2)	(3)	(20)
Increase (decrease) in cash, cash equivalents and restricted cash	190	(79)	(60)	64	115	(149)	(57)	(115)	(52)	(373)
Cash, cash equivalents and restricted cash at beginning of period	974	1,164	1,085	1,025	974	1,089	940	883	768	1,089
Cash, cash equivalents and restricted cash at end of period	\$ 1,164	\$ 1,085	\$ 1,025	\$ 1,089	\$ 1,089	\$ 940	\$ 883	\$ 768	\$ 716	\$ 716
Free Cash Flow (non-GAAP measure) ¹	\$ 230	\$ 45	\$ (40)	\$ 2	\$ 237	\$ 156	\$ 72	\$ (68)	\$ 44	\$ 204

Note 1: Teradata's management uses a non-GAAP measure called "free cash flow," which we define as net cash provided by operating activities less capital expenditures for property and equipment, and additions to capitalized software, as one measure of assessing the financial performance of the Company. 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.