

TERADATA CORPORATION
(in millions, except per share amounts - unaudited)

	2017					2018				
	Q1	Q2	Q3	Q4	T/Y	Q1	Q2	Q3	Q4	T/Y
Revenue										
Recurring	\$ 273	\$ 281	\$ 292	\$ 299	\$ 1,145	\$ 302	\$ 312	\$ 312	\$ 328	\$ 1,254
Growth Rate as Reported	NA	NA	NA	NA	NA	11%	11%	7%	10%	10%
Growth Rate Constant Currency (non-GAAP)*	NA	NA	NA	NA	NA	7%	10%	9%	13%	10%
Perpetual software licenses and hardware	90	91	90	158	429	69	97	77	97	340
Growth Rate as Reported	NA	NA	NA	NA	NA	(23%)	7%	(14%)	(39%)	(21%)
Growth Rate Constant Currency (non-GAAP)*	NA	NA	NA	NA	NA	(27%)	5%	(13%)	(39%)	(22%)
Consulting services	128	141	144	169	582	135	135	137	163	570
Growth Rate as Reported	NA	NA	NA	NA	NA	5%	(4%)	(5%)	(4%)	(2%)
Growth Rate Constant Currency (non-GAAP)*	NA	NA	NA	NA	NA	0%	(6%)	(3%)	0%	(2%)
Total revenue	491	513	526	626	2,156	506	544	526	588	2,164
Growth Rate as Reported	(10%)	(14%)	(5%)	0%	(7%)	3%	6%	0%	(6%)	0%
Growth Rate Constant Currency (non-GAAP)*	(9%)	(13%)	(5%)	(2%)	(7%)	(1%)	4%	2%	(4%)	0%
Gross profit										
Recurring	206	209	208	218	841	212	224	219	225	880
% of Revenue	75.5%	74.4%	71.2%	72.9%	73.4%	70.2%	71.8%	70.2%	68.6%	70.2%
Perpetual software licenses and hardware	29	34	39	68	170	21	24	34	39	118
% of Revenue	32.2%	37.4%	43.3%	43.0%	39.6%	30.4%	24.7%	44.2%	40.2%	34.7%
Consulting services	(10)	(1)	3	21	13	(10)	2	11	25	28
% of Revenue	(7.8%)	(0.7%)	2.1%	12.4%	2.2%	(7.4%)	1.5%	8.0%	15.3%	4.9%
Total gross profit	225	242	250	307	1,024	223	250	264	289	1,026
% of Revenue	45.8%	47.2%	47.5%	49.0%	47.5%	44.1%	46.0%	50.2%	49.1%	47.4%
Selling, general and administrative expenses	155	165	161	170	651	152	163	166	185	666
Research and development expenses	70	78	80	77	305	75	77	84	81	317
Total operating expense	225	243	241	247	956	227	240	250	266	983
% of Revenue	45.8%	47.4%	45.8%	39.5%	44.3%	44.9%	44.1%	47.5%	45.2%	45.4%
Income (loss) from operations	-	(1)	9	60	68	(4)	10	14	23	43
% of Revenue	0.0%	(0.2%)	1.7%	9.6%	3.2%	(0.8%)	1.8%	2.7%	3.9%	2.0%
Other expense, net	(2)	(2)	(3)	(3)	(10)	(4)	(4)	(4)	(4)	(16)
Income (loss) before income taxes	(2)	(3)	6	57	58	(8)	6	10	19	27
Income tax expense (benefit)	-	1	(7)	131	125	(1)	2	(8)	4	(3)
% Income tax	0.0%	(33.3%)	(116.7%)	229.8%	215.5%	12.5%	33.3%	(80.0%)	21.1%	(11.1%)
Net income (loss)	\$ (2)	\$ (4)	\$ 13	\$ (74)	\$ (67)	\$ (7)	\$ 4	\$ 18	\$ 15	\$ 30
% of Revenue	(0.4%)	(0.8%)	2.5%	(11.8%)	(3.1%)	(1.4%)	0.7%	3.4%	2.6%	1.4%
Net income (loss) per common share**										
Basic	\$ (0.02)	\$ (0.03)	\$ 0.11	\$ (0.61)	\$ (0.53)	\$ (0.06)	\$ 0.03	\$ 0.15	\$ 0.13	\$ 0.25
Diluted	\$ (0.02)	\$ (0.03)	\$ 0.10	\$ (0.61)	\$ (0.53)	\$ (0.06)	\$ 0.03	\$ 0.15	\$ 0.13	\$ 0.25
Weighted average common shares outstanding										
Basic	130.4	127.9	123.7	121.1	125.8	121.4	119.5	118.7	117.3	119.2
Diluted	130.4	127.9	125.8	121.1	125.8	121.4	121.5	120.7	119.1	121.2
Equity compensation expense (after-tax)	\$ (10)	\$ (14)	\$ (13)	\$ (10)	\$ (47)	\$ (15)	\$ (13)	\$ (12)	\$ (14)	\$ (54)
Special items (after-tax) (see Notes)	\$ (16)	\$ (6)	\$ -	\$ (126)	\$ (148)	\$ (4)	\$ (6)	\$ (5)	\$ (21)	\$ (36)
Capitalized software - ASC 985-20	\$ (13)	\$ (12)	\$ (10)	\$ (10)	\$ (45)	\$ (11)	\$ (9)	\$ (8)	\$ (8)	\$ (36)
Net income (Non-GAAP)*	\$ 37	\$ 28	\$ 36	\$ 72	\$ 173	\$ 23	\$ 32	\$ 43	\$ 58	\$ 156
Non-GAAP Diluted EPS*	\$ 0.28	\$ 0.22	\$ 0.29	\$ 0.58	\$ 1.35	\$ 0.19	\$ 0.26	\$ 0.36	\$ 0.49	\$ 1.29

Notes

Q1 2017 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$21 million (\$15 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses, which includes an \$8 million (\$6 million after-tax) transformation charge related to the discontinuation of our prior hardware platforms.

Q2 2017 - \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$8 million (\$4 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses.

Q3 2017 - \$2 million (\$1 million after-tax) for amortization of acquired intangible assets, \$13 million (\$9 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses, \$5 million (\$4 million after-tax) for reversal of previously expensed transformation charge related to the discontinuation of our prior hardware platforms, and \$6 million tax impact related to a reversal of TMA uncertain tax positions.

Q4 2017 - \$3 million (\$2 million after-tax) for amortization of acquired intangible assets, \$3 million (\$2 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expense reversals, and \$126 million for the tax impact related to 2017 U.S. Tax Reform.

Q1 2018 - \$2 million (\$2 million after-tax) for amortization of acquired intangible assets and \$3 million (\$2 million after-tax) for acquisition-related transaction, integration, reorganization and transformation-related expenses.

Q2 2018 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$5 million (\$4 million after-tax) for integration and transformation activities, including the Dayton office, and \$1 million (\$1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Q3 2018 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$14 million (\$10 million after-tax) for integration and transformation activities, including the Dayton office, \$1 million (\$1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018, and \$7 million tax benefit for tax reform rate difference and SAB 118 adjustments.

Q4 2018 - \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, \$21 million (\$15 million after-tax) for integration and transformation activities, including the Dayton office, \$1 million (\$1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018, and \$3 million tax adjustment for SAB 118 adjustments related to tax reform.

* While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measurements may be used to reflect operational performance. 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. Similarly constant currency growth rate for revenues eliminates the foreign exchange rate fluctuations. Although non-GAAP measures should not be used as a substitute for, or superior to, the company's reported GAAP results, Teradata uses non-GAAP measures to manage and determine the effectiveness of its business management.

** Net income per share in each quarter is computed using the weighted-average number of shares outstanding during that quarter while net income per share for the full year is computed using the weighted-average number of shares outstanding during the year. Thus the sum of the four quarters' net income per share does not necessarily equal the full-year net income per share.