

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

	2021					2022					2023			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Revenue														
Recurring	\$ 372	\$ 376	\$ 352	\$ 364	\$ 1,464	\$ 386	\$ 345	\$ 331	\$ 357	\$ 1,419	\$ 389	\$ 371	\$ 360	\$ 1,120
Growth Rate as Reported	20%	16%	7%	5%	12%	4%	(8%)	(6%)	(2%)	(3%)	1%	8%	9%	5%
Growth Rate Constant Currency (non-GAAP)*	17%	13%	6%	6%	11%	6%	(5%)	(2%)	0%	0%	4%	10%	10%	8%
Perpetual software licenses, hardware and other	23	17	18	19	77	26	8	14	17	65	13	13	7	33
Growth Rate as Reported	0%	(32%)	(28%)	(44%)	(28%)	13%	(53%)	(22%)	(11%)	(16%)	(50%)	63%	(50%)	(31%)
Growth Rate Constant Currency (non-GAAP)*	(2%)	(32%)	(29%)	(43%)	(28%)	17%	(50%)	(22%)	0%	0%	(43%)	61%	(50%)	(27%)
Consulting services	96	98	90	92	376	84	77	72	78	311	74	78	71	223
Growth Rate as Reported	(4%)	(10%)	(10%)	(17%)	(10%)	(13%)	(21%)	(20%)	(15%)	(17%)	(12%)	1%	(1%)	(4%)
Growth Rate Constant Currency (non-GAAP)*	(8%)	(14%)	(10%)	(16%)	(12%)	(9%)	(16%)	(12%)	0%	0%	(5%)	5%	(1%)	(1%)
Total revenue	491	491	460	475	1,917	496	430	417	452	1,795	476	462	438	1,376
Growth Rate as Reported	13%	7%	1%	(3%)	4%	1%	(12%)	(9%)	(5%)	(6%)	(4%)	7%	5%	2%
Growth Rate Constant Currency (non-GAAP)*	10%	4%	1%	(2%)	3%	4%	(8%)	(4%)	0%	0%	0%	10%	6%	5%
Gross profit														
Recurring	282	289	257	271	1,099	281	249	239	253	1,022	291	264	255	810
% of Revenue	75.8%	76.9%	73.0%	74.5%	75.1%	72.8%	72.2%	72.2%	70.9%	72.0%	74.8%	71.2%	70.8%	72.3%
Perpetual software licenses, hardware and other	12	6	7	9	34	8	2	4	4	18	2	1	-	3
% of Revenue	52.2%	35.3%	38.9%	47.4%	44.2%	30.8%	25.0%	28.6%	23.5%	27.7%	15.4%	7.7%	0.0%	9.1%
Consulting services	13	15	11	14	53	12	7	16	6	41	9	11	4	24
% of Revenue	13.5%	15.3%	12.2%	15.2%	14.1%	14.3%	9.1%	22.2%	7.7%	13.2%	12.2%	14.1%	5.6%	10.8%
Total gross profit	307	310	275	294	1,186	301	258	259	263	1,081	302	276	259	837
% of Revenue	62.5%	63.1%	59.8%	61.9%	61.9%	60.7%	60.0%	62.1%	58.2%	60.2%	63.4%	59.7%	59.1%	60.8%
Selling, general and administrative expenses	149	161	166	170	646	157	163	155	175	650	153	167	156	476
Research and development expenses	77	79	79	74	309	76	81	79	77	313	70	76	76	222
Total operating expense	226	240	245	244	955	233	244	234	252	963	223	243	232	698
% of Revenue	46.0%	48.9%	53.3%	51.4%	49.8%	47.0%	56.7%	56.1%	55.8%	53.6%	46.8%	52.6%	53.0%	50.7%
Income from operations	81	70	30	50	231	68	14	25	11	118	79	33	27	139
% of Revenue	16.5%	14.3%	6.5%	10.5%	12.1%	13.7%	3.3%	6.0%	2.4%	6.6%	16.6%	7.1%	6.2%	10.1%
Other expense, net	(9)	(11)	(11)	(8)	(39)	(13)	(14)	(15)	(9)	(51)	(21)	(9)	(14)	(44)
Income before income taxes	72	59	19	42	192	55	-	10	2	67	58	24	13	95
Income tax expense	19	15	2	9	45	19	4	2	9	34	18	7	1	26
% Income tax	26.4%	25.4%	10.5%	21.4%	23.4%	34.5%	972.0%	20.0%	450.0%	50.7%	31.0%	29.2%	7.7%	27.4%
Net income (loss)	\$ 53	\$ 44	\$ 17	\$ 33	\$ 147	\$ 36	\$ (4)	\$ 8	\$ (7)	\$ 33	\$ 40	\$ 17	\$ 12	\$ 69
% of Revenue	10.8%	9.0%	3.7%	6.9%	7.7%	7.3%	(0.9%)	1.9%	(1.5%)	1.8%	8.4%	3.7%	2.7%	5.0%
Net income (loss) per common share**														
Basic	\$ 0.49	\$ 0.40	\$ 0.16	\$ 0.31	\$ 1.35	\$ 0.34	\$ (0.04)	\$ 0.08	\$ (0.07)	\$ 0.32	\$ 0.39	\$ 0.17	\$ 0.12	\$ 0.69
Diluted	\$ 0.47	\$ 0.39	\$ 0.15	\$ 0.29	\$ 1.30	\$ 0.33	\$ (0.04)	\$ 0.08	\$ (0.07)	\$ 0.31	\$ 0.39	\$ 0.17	\$ 0.12	\$ 0.67
Weighted average common shares outstanding														
Basic	108.7	109.0	108.9	107.7	108.6	105.0	103.5	102.7	101.6	103.2	101.4	101.0	99.2	100.5
Diluted	112.8	112.7	113.4	112.2	112.9	108.6	103.5	104.7	101.6	105.8	103.8	102.9	102.0	102.8
Stock-based compensation expense (after-tax)	\$ (15)	\$ (27)	\$ (23)	\$ (28)	\$ (93)	\$ (21)	\$ (27)	\$ (23)	\$ (32)	\$ (103)	\$ (22)	\$ (30)	\$ (28)	\$ (80)
Special items (after-tax) (see Notes)	\$ (10)	\$ (12)	\$ (9)	\$ (3)	\$ (34)	\$ (14)	\$ (12)	\$ (1)	\$ (11)	\$ (38)	\$ (1)	\$ (2)	\$ (3)	\$ (6)
Net income (Non-GAAP)*	\$ 78	\$ 83	\$ 49	\$ 64	\$ 274	\$ 71	\$ 35	\$ 32	\$ 36	\$ 174	\$ 63	\$ 49	\$ 43	\$ 155
Non-GAAP Diluted EPS*	\$ 0.69	\$ 0.74	\$ 0.43	\$ 0.57	\$ 2.43	\$ 0.65	\$ 0.33	\$ 0.31	\$ 0.35	\$ 1.64	\$ 0.61	\$ 0.48	\$ 0.42	\$ 1.51

Notes

Q1 2021 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$4 million (\$3 million after-tax) for integration and transformation activities, and \$8 million (\$6 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Q2 2021 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$9 million (\$6 million after-tax) for integration and transformation activities, and \$6 million (\$5 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Q3 2021 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$4 million (\$3 million after-tax) for integration and transformation activities, \$9 million (\$7 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and \$2 million tax impact for CARES Act true up.

Q4 2021 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$2 million (\$1 million after-tax) for integration and transformation activities, and \$3 million (\$1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Q1 2022 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$15 million (\$13 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia.

Q2 2022 - \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$8 million (\$11 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

Q3 2022 - \$2 million (\$1 million after-tax) for reorganization and transformation activities.

Q4 2022 - \$15 million (\$11 million after-tax) for reorganization and transformation activities.

Q1 2023 - \$1 million (\$1 million after-tax) for reorganization and transformation activities.

Q2 2023 - \$4 million (\$2 million after-tax) for reorganization and transformation activities.

Q3 2023 - \$3 million (\$3 million after-tax) for reorganization and transformation activities.

* 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.

TERADATA CORPORATION
HISTORICAL NON-GAAP (Excluding Software Capitalization and Reflecting the Impact of Special Items) - Supplemental schedule**
(Unaudited)
(in millions, except per share amounts - unaudited)

	2021					2022					2023			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Revenue (non-GAAP)														
Recurring	\$ 372	\$ 376	\$ 352	\$ 364	\$ 1,464	\$ 386	\$ 345	\$ 331	\$ 357	\$ 1,419	\$ 389	\$ 371	\$ 360	\$ 1,120
Growth Rate as Reported	20%	16%	7%	5%	12%	4%	(8%)	(6%)	(2%)	(3%)	1%	8%	9%	5%
Growth Rate Constant Currency (non-GAAP)*	17%	13%	6%	6%	11%	6%	(5%)	(2%)	3%	1%	4%	10%	10%	8%
Perpetual software licenses, hardware and other	23	17	18	19	77	26	8	14	17	65	13	13	7	33
Growth Rate as Reported	0%	(32%)	(28%)	(44%)	(28%)	13%	(53%)	(22%)	(11%)	(16%)	(50%)	63%	(50%)	(31%)
Growth Rate Constant Currency (non-GAAP)*	(2%)	(32%)	(29%)	(43%)	(28%)	17%	(50%)	(22%)	(4%)	(12%)	(43%)	61%	(50%)	(27%)
Consulting services	96	98	90	92	376	84	77	72	78	311	74	78	71	223
Growth Rate as Reported	(4%)	(10%)	(10%)	(17%)	(10%)	(13%)	(21%)	(20%)	(15%)	(17%)	(12%)	1%	(1%)	(4%)
Growth Rate Constant Currency (non-GAAP)*	(8%)	(14%)	(10%)	(16%)	(12%)	(9%)	(16%)	(12%)	(7%)	(11%)	(5%)	5%	(1%)	(1%)
Total revenue	491	491	460	475	1,917	496	430	417	452	1,795	476	462	438	1,376
Growth Rate as Reported	13%	7%	1%	(3%)	4%	1%	(12%)	(9%)	(5%)	(6%)	(4%)	7%	5%	2%
Growth Rate Constant Currency (non-GAAP)*	10%	4%	1%	(2%)	3%	4%	(8%)	(4%)	0%	(2%)	0%	10%	6%	5%
Gross profit (non-GAAP)														
Recurring	286	294	262	275	1,117	290	251	241	255	1,037	293	266	258	817
% of Revenue	76.9%	78.2%	74.4%	75.5%	76.3%	75.1%	72.8%	72.8%	71.4%	73.1%	75.3%	71.7%	71.7%	72.9%
Perpetual software licenses, hardware and other	12	6	7	9	34	9	1	4	5	19	2	1	-	3
% of Revenue	52.2%	35.3%	38.9%	47.4%	44.2%	34.6%	12.5%	28.6%	29.4%	29.2%	15.4%	7.7%	0.0%	9.1%
Consulting services	17	18	13	16	64	13	11	16	9	49	11	13	6	30
% of Revenue	17.7%	18.4%	14.4%	17.4%	17.0%	15.5%	14.3%	22.2%	11.5%	15.8%	14.9%	16.7%	8.5%	13.5%
Total gross profit (non-GAAP)	315	318	282	300	1,215	312	263	261	269	1,105	306	280	264	850
% of Revenue	64.2%	64.8%	61.3%	63.2%	63.4%	62.9%	61.2%	62.6%	59.5%	61.6%	64.3%	60.6%	60.3%	61.8%
Selling, general and administrative expenses	130	132	139	144	545	129	136	135	145	545	134	141	133	408
Research and development expenses	70	69	72	66	277	68	72	72	62	274	64	67	68	199
Total operating expense (non-GAAP)	200	201	211	210	822	197	208	207	207	819	198	208	201	607
% of Revenue	40.7%	40.9%	45.9%	44.2%	42.9%	39.7%	48.4%	49.6%	45.8%	45.6%	41.6%	45.0%	45.9%	44.1%
Income from operations (non-GAAP)	115	117	71	90	393	115	55	54	62	286	108	72	63	243
% of Revenue	23.4%	23.8%	15.4%	18.9%	20.5%	23.2%	12.8%	12.9%	13.7%	15.9%	22.7%	15.6%	14.4%	17.7%
Other expense, net	(9)	(11)	(11)	(9)	(40)	(13)	(14)	(15)	(9)	(51)	(21)	(9)	(14)	(44)
Income before income taxes (non-GAAP)	106	106	60	81	353	102	41	39	53	235	87	63	49	199
Income tax expense (benefit)	28	23	11	17	79	31	6	7	17	61	24	14	6	44
% Income tax	26.4%	21.7%	18.3%	21.0%	22.4%	30.4%	14.6%	17.9%	32.1%	26.0%	27.6%	22.2%	12.2%	22.1%
Net income (non-GAAP)**	\$ 78	\$ 83	\$ 49	\$ 64	\$ 274	\$ 71	\$ 35	\$ 32	\$ 36	\$ 174	\$ 63	\$ 49	\$ 43	\$ 155
% of Revenue	15.9%	16.9%	10.7%	13.5%	14.3%	14.3%	8.1%	7.7%	8.0%	9.7%	13.2%	10.6%	9.8%	11.3%
Net income per common share (non-GAAP)***														
Basic	\$ 0.72	\$ 0.76	\$ 0.45	\$ 0.59	\$ 2.52	\$ 0.68	\$ 0.34	\$ 0.31	\$ 0.35	\$ 1.69	\$ 0.62	\$ 0.49	\$ 0.43	\$ 1.54
Diluted	\$ 0.69	\$ 0.74	\$ 0.43	\$ 0.57	\$ 2.43	\$ 0.65	\$ 0.33	\$ 0.31	\$ 0.35	\$ 1.64	\$ 0.61	\$ 0.48	\$ 0.42	\$ 1.51
Weighted average common shares outstanding														
Basic	108.7	109.0	108.9	107.7	108.6	105.0	103.5	102.7	101.6	103.2	101.4	101.0	99.2	100.5
Diluted	112.8	112.7	113.4	112.2	112.9	108.6	105.6	104.7	103.7	105.8	103.8	102.9	102.0	102.8

* The impact of currency is determined by calculating the prior period results using the current-period monthly average currency rates.

** While Teradata reports its results using GAAP, certain non-GAAP financial measures may be used to reflect operational performance.

These non-GAAP measures may exclude the impact of stock compensation expense and certain special items, which are used to support our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company.

Although non-GAAP measures should not be used in isolation or as a substitute for, or superior to, the Company's reported GAAP results, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.

Teradata uses non-GAAP measures to manage and determine the effectiveness of its business management.

A reconciliation of Teradata's GAAP results to these non-GAAP financial measures for each period included in this summary is found in the supplemental appendices hereto.

*** 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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended September 30

	2023				2022				
	GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹	GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	\$ 360	\$ -	\$ -	\$ 360	\$ 331	\$ -	\$ -	\$ 331	9%
Perpetual software licenses, hardware and other	7	-	-	7	14	-	-	14	-50%
Consulting services	71	-	-	71	72	-	-	72	-1%
Total revenue	438	-	-	438	417	-	-	417	5%
Gross profit									
Recurring	255	(2)	(1)	258	239	(2)	-	241	7%
% of Revenue	70.8%			71.7%	72.2%			72.8%	
Perpetual software licenses, hardware and other	-	-	-	-	4	-	-	4	-100%
% of Revenue	0.0%			0.0%	28.6%			28.6%	
Consulting services	4	(2)	-	6	16	(1)	1	16	-63%
% of Revenue	5.6%			8.5%	22.2%			22.2%	
Total gross profit	259	(4)	(1)	264	259	(3)	1	261	1%
% of Revenue	59.1%			60.3%	62.1%			62.6%	
Selling, general and administrative expenses	156	22	1	133	155	16	4	135	-1%
Research and development expenses	76	7	1	68	79	8	(1)	72	-6%
Total expenses	232	29	2	201	234	24	3	207	-3%
% of Revenue	53.0%			45.9%	56.1%			49.6%	
Income from operations	27	(33)	(3)	63	25	(27)	(2)	54	17%
% of Revenue	6.2%			14.4%	6.0%			12.9%	
Other expense, net	(14)	-	-	(14)	(15)	-	-	(15)	
Income before income taxes	13	(33)	(3)	49	10	(27)	(2)	39	26%
Income tax expense	1	(5)	-	6	2	(4)	(1)	7	
% Tax rate	7.7%			12.2%	20.0%			17.9%	
Net income	\$ 12	\$ (28)	\$ (3)	\$ 43	\$ 8	\$ (23)	\$ (1)	\$ 32	34%
% of Revenue	2.7%			9.8%	1.9%			7.7%	
Net income per common share									
Basic	\$ 0.12	\$ (0.28)	\$ (0.03)	\$ 0.43	\$ 0.08	\$ (0.22)	\$ (0.01)	\$ 0.31	39%
Diluted	\$ 0.12	\$ (0.27)	\$ (0.03)	\$ 0.42	\$ 0.08	\$ (0.22)	\$ (0.01)	\$ 0.31	38%
Weighted average common shares outstanding									
Basic	99.2			99.2	102.7			102.7	
Diluted	102.0			102.0	104.7			104.7	

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, 2023 include \$3 million (\$3 million after-tax) for reorganization and transformation activities.

3) Special items for the three months ended September 30, 2022 include \$2 million (\$1 million after-tax) for reorganization and transformation activities.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Nine Months Ended September 30

	2023				2022				
	GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹	GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	\$ 1,120	\$ -	\$ -	\$ 1,120	\$ 1,062	\$ -	\$ -	\$ 1,062	5%
Perpetual software licenses, hardware and other	33	-	-	33	48	-	-	48	-31%
Consulting services	223	-	-	223	233	-	-	233	-4%
Total revenue	1,376	-	-	1,376	1,343	-	-	1,343	2%
Gross profit									
Recurring	810	(6)	(1)	817	769	(7)	(6)	782	4%
% of Revenue	72.3%			72.9%	72.4%			73.6%	
Perpetual software licenses, hardware and other	3	-	-	3	14	-	-	14	-79%
% of Revenue	9.1%			9.1%	29.2%			29.2%	
Consulting services	24	(6)	-	30	35	(5)	-	40	-25%
% of Revenue	10.8%			13.5%	15.0%			17.2%	
Total gross profit	837	(12)	(1)	850	818	(12)	(6)	836	2%
% of Revenue	60.8%			61.8%	60.9%			62.2%	
Selling, general and administrative expenses	476	63	5	408	475	56	19	400	2%
Research and development expenses	222	21	2	199	236	22	2	212	-6%
Total expenses	698	84	7	607	711	78	21	612	-1%
% of Revenue	50.7%			44.1%	52.9%			45.6%	
Income from operations	139	(96)	(8)	243	107	(90)	(27)	224	8%
% of Revenue	10.1%			17.7%	8.0%			16.7%	
Other expense, net	(44)	-	-	(44)	(42)	-	-	(42)	
Income before income taxes	95	(96)	(8)	199	65	(90)	(27)	182	9%
Income tax expense	26	(16)	(2)	44	25	(19)	-	44	
% Tax rate	27.4%			22.1%	38.5%			24.2%	
Net income	\$ 69	\$ (80)	\$ (6)	\$ 155	\$ 40	\$ (71)	\$ (27)	\$ 138	12%
% of Revenue	5.0%			11.3%	3.0%			10.3%	
Net income per common share									
Basic	\$ 0.69	\$ (0.80)	\$ (0.06)	\$ 1.54	\$ 0.39	\$ (0.68)	\$ (0.26)	\$ 1.33	16%
Diluted	\$ 0.67	\$ (0.78)	\$ (0.06)	\$ 1.51	\$ 0.38	\$ (0.67)	\$ (0.25)	\$ 1.30	16%
Weighted average common shares outstanding									
Basic	100.5			100.5	103.7			103.7	
Diluted	102.8			102.8	106.4			106.4	

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 nine months ended September 30, 2023 include \$8 million (\$6 million after-tax) for reorganization and transformation activities.

3) Special items for the nine months ended September 30, 2022 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$25 million (\$25 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net income (GAAP)	\$ 12	\$ 8	\$ 69	\$ 40
Net cash provided by operating activities (GAAP)	\$ 41	\$ 34	\$ 199	\$ 290
Less capital expenditures for:				
Expenditures for property and equipment	(5)	(3)	(11)	(6)
Additions to capitalized software	-	-	(1)	(1)
Free Cash Flow (non-GAAP measure) ¹	\$ 36	\$ 31	\$ 187	\$ 283

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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended June 30

Revenue
Recurring
Perpetual software licenses, hardware and other
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses, hardware and other
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense
% Tax rate

Net income (loss)
% of Revenue

Net income (loss) per common share

Basic

Diluted

Weighted average common shares outstanding

Basic

Diluted

2023					2022				
GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
\$ 371	\$ -	\$ -	\$ 371		\$ 345	\$ -	\$ -	\$ 345	8%
13	-	-	13		8	-	-	8	63%
78	-	-	78		77	-	-	77	1%
462	-	-	462		430	-	-	430	7%
264	(2)	-	266		249	(2)	-	251	6%
71.2%			71.7%		72.2%			72.8%	
1	-	-	1		2	-	1	1	0%
7.7%			7.7%		25.0%			12.5%	
11	(2)	-	13		7	(2)	(2)	11	18%
14.1%			16.7%		9.1%			14.3%	
276	(4)	-	280		258	(4)	(1)	263	6%
59.7%			60.6%		60.0%			61.2%	
167	23	3	141		163	21	6	136	4%
76	8	1	67		81	7	2	72	-7%
243	31	4	208		244	28	8	208	0%
52.6%			45.0%		56.7%			48.4%	
33	(35)	(4)	72		14	(32)	(9)	55	31%
7.1%			15.6%		3.3%			12.8%	
(9)	-	-	(9)		(14)	-	-	(14)	
24	(35)	(4)	63		-	(32)	(9)	41	54%
7	(5)	(2)	14		4	(5)	3	6	
29.2%			22.2%		972.0%			14.6%	
\$ 17	\$ (30)	\$ (2)	\$ 49		\$ (4)	\$ (27)	\$ (12)	\$ 35	40%
3.7%			10.6%		(0.9%)			8.1%	
\$ 0.17	\$ (0.30)	\$ (0.02)	\$ 0.49		\$ (0.04)	\$ (0.26)	\$ (0.12)	\$ 0.34	43%
\$ 0.17	\$ (0.29)	\$ (0.02)	\$ 0.48		\$ (0.04)	\$ (0.26)	\$ (0.12)	\$ 0.33	44%
101.0			101.0		103.5			103.5	
102.9			102.9		103.5			105.6	

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, 2023 include \$4 million (\$2 million after-tax) for reorganization and transformation activities.

3) Special items for the three months ended June 30, 2022 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, and \$8 million (\$11 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Six Months Ended June 30

Revenue
Recurring
Perpetual software licenses and hardware
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses and hardware
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding

Basic

Diluted

2023					2022					
GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹		% Change Non-GAAP Yr/Yr
\$ 760	\$ -	\$ -	\$ 760		\$ 731	\$ -	\$ -	\$ 731		4%
26	-	-	26		34	-	-	34		-24%
152	-	-	152		161	-	-	161		-6%
938	-	-	938		926	-	-	926		1%
555	(4)	-	559		530	(5)	(6)	541		3%
73.0%			73.6%		72.5%			74.0%		
3	-	-	3		10	-	-	10		-70%
11.5%			11.5%		29.4%			29.4%		
20	(4)	-	24		19	(4)	(1)	24		0%
13.2%			15.8%		11.8%			14.9%		
578	(8)	-	586		559	(9)	(7)	575		2%
61.6%			62.5%		60.4%			62.1%		
320	41	4	275		320	40	15	265		4%
146	14	1	131		157	14	3	140		-6%
466	55	5	406		477	54	18	405		0%
49.7%			43.3%		51.5%			43.7%		
112	(63)	(5)	180		82	(63)	(25)	170		6%
11.9%			19.2%		8.9%			18.4%		
(30)	-	-	(30)		(27)	-	-	(27)		
82	(63)	(5)	150		55	(63)	(25)	143		5%
25	(11)	(2)	38		23	(15)	1	37		
30.5%			25.3%		41.8%			25.9%		
\$ 57	\$ (52)	\$ (3)	\$ 112		\$ 32	\$ (48)	\$ (26)	\$ 106		6%
6.1%			11.9%		3.5%			11.4%		
\$ 0.56	\$ (0.51)	\$ (0.03)	\$ 1.11		\$ 0.31	\$ (0.46)	\$ (0.25)	\$ 1.02		9%
\$ 0.55	\$ (0.50)	\$ (0.03)	\$ 1.08		\$ 0.30	\$ (0.45)	\$ (0.25)	\$ 0.99		10%
101.2			101.2		104.2			104.2		
103.3			103.3		107.1			107.1		

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 six months ended June 30, 2023 include \$5 million (\$3 million after-tax) for reorganization and transformation activities.

3) Special items for the six months ended June 30, 2022 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$23 million (\$24 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net income (GAAP)	\$ 17	\$ (4)	\$ 57	\$ 32
Net cash provided by operating activities (GAAP)	\$ 49	\$ 105	\$ 158	\$ 256
Less capital expenditures for:				
Expenditures for property and equipment	(2)	(2)	(6)	(3)
Additions to capitalized software	(1)	(1)	(1)	(1)
Free Cash Flow (non-GAAP measure) ¹	\$ 46	\$ 102	\$ 151	\$ 252

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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended March 31

Revenue
Recurring
Perpetual software licenses, hardware and other
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses, hardware and other
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding

Basic

Diluted

2023					2022				
GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
\$ 389	\$ -	\$ -	\$ 389		\$ 386	\$ -	\$ -	\$ 386	1%
13	-	-	13		26	-	-	26	-50%
74	-	-	74		84	-	-	84	-12%
476	-	-	476		496	-	-	496	-4%
291	(2)	-	293		281	(3)	(6)	290	1%
74.8%			75.3%		72.8%			75.1%	
2	-	-	2		8	-	(1)	9	-78%
15.4%			15.4%		30.8%			34.6%	
9	(2)	-	11		12	(2)	1	13	-15%
12.2%			14.9%		14.3%			15.5%	
302	(4)	-	306		301	(5)	(6)	312	-2%
63.4%			64.3%		60.7%			62.9%	
153	18	1	134		157	19	9	129	4%
70	6	-	64		76	7	1	68	-6%
223	24	1	198		233	26	10	197	1%
46.8%			41.6%		47.0%			39.7%	
79	(28)	(1)	108		68	(31)	(16)	115	-6%
16.6%			22.7%		13.7%			23.2%	
(21)	-	-	(21)		(13)	-	-	(13)	
58	(28)	(1)	87		55	(31)	(16)	102	-15%
18	(6)	-	24		19	(10)	(2)	31	
31.0%			27.6%		34.5%			30.4%	
\$ 40	\$ (22)	\$ (1)	\$ 63		\$ 36	\$ (21)	\$ (14)	\$ 71	-11%
8.4%			13.2%		7.3%			14.3%	
\$ 0.39	\$ (0.22)	\$ (0.01)	\$ 0.62		\$ 0.34	\$ (0.20)	\$ (0.13)	\$ 0.68	-8%
\$ 0.39	\$ (0.21)	\$ (0.01)	\$ 0.61		\$ 0.33	\$ (0.19)	\$ (0.13)	\$ 0.65	-7%
101.4			101.4		105.0			105.0	
103.8			103.8		108.6			108.6	

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 March 31, 2023 include \$1 million (\$1 million after-tax) for reorganization and transformation activities.

3) Special items for the three months ended March 31, 2022 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, and \$15 million (\$13 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia.

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

	Three Months Ended March 31		Three Months Ended March 31	
	2023	2022	2023	2022
Net income (GAAP)	\$ 40	\$ 36	\$ 40	\$ 36
Net cash provided by operating activities (GAAP)	\$ 109	\$ 151	\$ 109	\$ 151
Less capital expenditures for:				
Expenditures for property and equipment	(4)	(1)	(4)	(1)
Additions to capitalized software	-	-	-	-
Free Cash Flow (non-GAAP measure) ¹	\$ 105	\$ 150	\$ 105	\$ 150

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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended December 31

Revenue
Recurring
Perpetual software licenses, hardware and other
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses, hardware and other
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding

Basic

Diluted

2022					2021					
GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹		% Change Non-GAAP Yr/Yr
\$ 357	\$ -	\$ -	\$ 357		\$ 364	\$ -	\$ -	\$ 364		-2%
17	-	-	17		19	-	-	19		-11%
78	-	-	78		92	-	-	92		-15%
452	-	-	452		475	-	-	475		-5%
253	(2)	-	255		271	(4)	-	275		-7%
70.9%			71.4%		74.5%			75.5%		
4	-	(1)	5		9	-	-	9		-44%
23.5%			29.4%		47.4%			47.4%		
6	(2)	(1)	9		14	(2)	-	16		-44%
7.7%			11.5%		15.2%			17.4%		
263	(4)	(2)	269		294	(6)	-	300		-10%
58.2%			59.5%		61.9%			63.2%		
175	24	6	145		170	20	6	144		1%
77	8	7	62		74	7	1	66		-6%
252	32	13	207		244	27	7	210		-1%
55.8%			45.8%		51.4%			44.2%		
11	(36)	(15)	62		50	(33)	(7)	90		-31%
2.4%			13.7%		10.5%			18.9%		
(9)	-	-	(9)		(8)	-	1	(9)		
2	(36)	(15)	53		42	(33)	(6)	81		-35%
9	(4)	(4)	17		9	(5)	(3)	17		
450.0%			32.1%		21.4%			21.0%		
\$ (7)	\$ (32)	\$ (11)	\$ 36		\$ 33	\$ (28)	\$ (3)	\$ 64		-44%
(1.5%)			8.0%		6.9%			13.5%		
(0.07)	(0.31)	(0.11)	0.35		0.31	(0.26)	(0.02)	0.59		-40%
(0.07)	(0.31)	(0.11)	0.35		0.29	(0.25)	(0.03)	0.57		-39%
101.6			101.6		107.7			107.7		
101.6			103.7		112.2			112.2		

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 December 31, 2022 include \$15 million (\$11 million after-tax) for reorganization and transformation activities.

3) Special items for the three months ended December 31, 2021 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$2 million (\$1 million after-tax) for integration and transformation activities, and \$3 million (\$1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Twelve Months Ended December 31

Revenue
Recurring
Perpetual software licenses and hardware
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses and hardware
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding

Basic
Diluted

2022					2021				
GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
\$ 1,419	\$ -	\$ -	\$ 1,419		\$ 1,464	\$ -	\$ -	\$ 1,464	-3%
65	-	-	65		77	-	-	77	-16%
311	-	-	311		376	-	-	376	-17%
1,795	-	-	1,795		1,917	-	-	1,917	-6%
1,022	(9)	(6)	1,037		1,099	(12)	(6)	1,117	-7%
72.0%			73.1%		75.1%			76.3%	
18		(1)	19		34	-	-	34	-44%
27.7%			29.2%		44.2%			44.2%	
41	(7)	(1)	49		53	(6)	(5)	64	-23%
13.2%			15.8%		14.1%			17.0%	
1,081	(16)	(8)	1,105		1,186	(18)	(11)	1,215	-9%
60.2%			61.6%		61.9%			63.4%	
650	80	25	545		646	67	34	545	0%
313	30	9	274		309	27	5	277	-1%
963	110	34	819		955	94	39	822	0%
53.6%			45.6%		49.8%			42.9%	
118	(126)	(42)	286		231	(112)	(50)	393	-27%
6.6%			15.9%		12.1%			20.5%	
(51)	-		(51)		(39)	-	1	(40)	
67	(126)	(42)	235		192	(112)	(49)	353	-33%
34	(23)	(4)	61		45	(19)	(15)	79	
50.7%			26.0%		23.4%			22.4%	
\$ 33	\$ (103)	\$ (38)	\$ 174		\$ 147	\$ (93)	\$ (34)	\$ 274	-36%
1.8%			9.7%		7.7%			14.3%	
0.32	(1.00)	(0.37)	1.69		1.35	(0.86)	(0.31)	2.52	-33%
0.31	(0.97)	(0.36)	1.64		1.30	(0.82)	(0.31)	2.43	-32%
103.2			103.2		108.6			108.6	
105.8			105.8		112.9			112.9	

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 twelve months ended December 31, 2022 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$40 million (\$36 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the twelve months ended December 31, 2021 include \$4 million (\$4 million after-tax) for amortization of acquired intangible assets, \$19 million (\$13 million after-tax) for integration and transformation activities, and \$26 million (\$19 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and \$2 million tax impact for CARES Act true up.

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Net income (GAAP)	\$ (7)	\$ 33	\$ 33	\$ 147
Net cash provided by operating activities (GAAP)	\$ 129	\$ 95	\$ 419	\$ 463
Less capital expenditures for:				
Expenditures for property and equipment	(8)	(9)	(14)	(28)
Additions to capitalized software	(1)	(1)	(2)	(3)
Free Cash Flow (non-GAAP measure) ¹	\$ 120	\$ 85	\$ 403	\$ 432

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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended September 30

	2022				2021				% Change Non-GAAP Yr/Yr
	GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹	GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	
Revenue									
Recurring	\$ 331	\$ -	\$ -	\$ 331	\$ 352	\$ -	\$ -	\$ 352	-6%
Perpetual software licenses, hardware and other	14	-	-	14	18	-	-	18	-22%
Consulting services	72	-	-	72	90	-	-	90	-20%
Total revenue	417	-	-	417	460	-	-	460	-9%
Gross profit									
Recurring	239	(2)	-	241	257	(3)	(2)	262	-8%
% of Revenue	72.2%			72.8%	73.0%			74.4%	
Perpetual software licenses, hardware and other	4	-	-	4	7	-	-	7	-43%
% of Revenue	28.6%			28.6%	38.9%			38.9%	
Consulting services	16	(1)	1	16	11	(1)	(1)	13	23%
% of Revenue	22.2%			22.2%	12.2%			14.4%	
Total gross profit	259	(3)	1	261	275	(4)	(3)	282	-7%
% of Revenue	62.1%			62.6%	59.8%			61.3%	
Selling, general and administrative expenses	155	16	4	135	166	17	10	139	-3%
Research and development expenses	79	8	(1)	72	79	6	1	72	0%
Total expenses	234	24	3	207	245	23	11	211	-2%
% of Revenue	56.1%			49.6%	53.3%			45.9%	
Income from operations	25	(27)	(2)	54	30	(27)	(14)	71	-24%
% of Revenue	6.0%			12.9%	6.5%			15.4%	
Other expense, net	(15)	-	-	(15)	(11)	-	-	(11)	
Income before income taxes	10	(27)	(2)	39	19	(27)	(14)	60	-35%
Income tax expense	2	(4)	(1)	7	2	(4)	(5)	11	
% Tax rate	20.0%			17.9%	10.5%			18.3%	
Net income	\$ 8	\$ (23)	\$ (1)	\$ 32	\$ 17	\$ (23)	\$ (9)	\$ 49	-35%
% of Revenue	1.9%			7.7%	3.7%			10.7%	
Net income per common share									
Basic	\$ 0.08	\$ (0.22)	\$ (0.01)	\$ 0.31	\$ 0.16	\$ (0.21)	\$ (0.08)	\$ 0.45	-31%
Diluted	\$ 0.08	\$ (0.22)	\$ (0.01)	\$ 0.31	\$ 0.15	\$ (0.20)	\$ (0.08)	\$ 0.43	-29%
Weighted average common shares outstanding									
Basic	102.7			102.7	108.9			108.9	
Diluted	104.7			104.7	113.4			113.4	

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, 2022 include \$2 million (\$1 million after-tax) for reorganization and transformation activities

3) Special items for the three months ended September 30, 2021 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$4 million (\$3 million after-tax) for integration and transformation activities, and \$9 million (\$7 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and \$2 million tax impact for CARES Act true up.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Nine Months Ended September 30

Revenue
Recurring
Perpetual software licenses and hardware
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses and hardware
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding
Basic
Diluted

2022					2021				
GAAP	Stock-based Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
\$ 1,062	\$ -	\$ -	\$ 1,062		\$ 1,100	\$ -	\$ -	\$ 1,100	-3%
48	-	-	48		58	-	-	58	-17%
233	-	-	233		284	-	-	284	-18%
1,343	-	-	1,343		1,442	-	-	1,442	-7%
769	(7)	(6)	782		828	(8)	(6)	842	-7%
72.4%			73.6%		75.3%			76.5%	
14	-	-	14		25	-	-	25	-44%
29.2%			29.2%		43.1%			43.1%	
35	(5)	-	40		39	(4)	(5)	48	-17%
15.0%			17.2%		13.7%			16.9%	
818	(12)	(6)	836		892	(12)	(11)	915	-9%
60.9%			62.2%		61.9%			63.5%	
475	56	19	400		476	47	28	401	0%
236	22	2	212		235	20	4	211	0%
711	78	21	612		711	67	32	612	0%
52.9%			45.6%		49.3%			42.4%	
107	(90)	(27)	224		181	(79)	(43)	303	-26%
8.0%			16.7%		12.6%			21.0%	
(42)	-	-	(42)		(31)	-	-	(31)	
65	(90)	(27)	182		150	(79)	(43)	272	-33%
25	(19)	-	44		36	(14)	(12)	62	
38.5%			24.2%		24.0%			22.8%	
\$ 40	\$ (71)	\$ (27)	\$ 138		\$ 114	\$ (65)	\$ (31)	\$ 210	-34%
3.0%			10.3%		7.9%			14.6%	
0.39	(0.68)	(0.26)	1.33		1.05	(0.60)	(0.28)	1.93	-31%
0.38	(0.67)	(0.25)	1.30		1.01	(0.57)	(0.27)	1.86	-30%
103.7			103.7		108.9			108.9	
106.4			106.4		113.1			113.1	

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, 2022 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$25 million (\$25 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the nine months ended September 30, 2021 include \$3 million (\$3 million after-tax) for amortization of acquired intangible assets, \$17 million (\$12 million after-tax) for integration and transformation activities, and \$23 million (\$18 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and \$2 million tax impact for CARES Act true up.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net income (GAAP)	\$ 8	\$ 17	\$ 40	\$ 114
Net cash provided by operating activities (GAAP)	\$ 34	\$ 33	\$ 290	\$ 368
Less capital expenditures for:				
Expenditures for property and equipment	(3)	(10)	(6)	(19)
Additions to capitalized software	-	-	(1)	(2)
Free Cash Flow (non-GAAP measure) ¹	<u>\$ 31</u>	<u>\$ 23</u>	<u>\$ 283</u>	<u>\$ 347</u>

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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended June 30

	2022				2021				
	GAAP	Equity Compensation Expense	Other Special Items ²	Non-GAAP ¹	GAAP	Equity Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	\$ 345	\$ -	\$ -	\$ 345	\$ 376	\$ -	\$ -	\$ 376	-8%
Perpetual software licenses, hardware and other	8	-	-	8	17	-	-	17	-53%
Consulting services	77	-	-	77	98	-	-	98	-21%
Total revenue	430	-	-	430	491	-	-	491	-12%
Gross profit									
Recurring	249	(2)	-	251	289	(3)	(2)	294	-15%
% of Revenue	72.2%			72.8%	76.9%			78.2%	
Perpetual software licenses, hardware and other	2	-	1	1	6	-	-	6	-83%
% of Revenue	25.0%			12.5%	35.3%			35.3%	
Consulting services	7	(2)	(2)	11	15	(2)	(1)	18	-39%
% of Revenue	9.1%			14.3%	15.3%			18.4%	
Total gross profit	258	(4)	(1)	263	310	(5)	(3)	318	-17%
% of Revenue	60.0%			61.2%	63.1%			64.8%	
Selling, general and administrative expenses	163	21	6	136	161	18	11	132	3%
Research and development expenses	81	7	2	72	79	8	2	69	4%
Total expenses	244	28	8	208	240	26	13	201	3%
% of Revenue	56.7%			48.4%	48.9%			40.9%	
Income from operations	14	(32)	(9)	55	70	(31)	(16)	117	-53%
% of Revenue	3.3%			12.8%	14.3%			23.8%	
Other expense, net	(14)	-	-	(14)	(11)	-	-	(11)	
Income before income taxes	-	(32)	(9)	41	59	(31)	(16)	106	-61%
Income tax expense	4	(5)	3	6	15	(4)	(4)	23	
% Tax rate	972.0%			14.6%	25.4%			21.7%	
Net (loss) income	\$ (4)	\$ (27)	\$ (12)	\$ 35	\$ 44	\$ (27)	\$ (12)	\$ 83	-58%
% of Revenue	(0.9%)			8.1%	9.0%			16.9%	
Net (loss) income per common share									
Basic	\$ (0.04)	\$ (0.26)	\$ (0.12)	\$ 0.34	\$ 0.40	\$ (0.25)	\$ (0.11)	\$ 0.76	-56%
Diluted	\$ (0.04)	\$ (0.26)	\$ (0.11)	\$ 0.33	\$ 0.39	\$ (0.24)	\$ (0.11)	\$ 0.74	-55%
Weighted average common shares outstanding									
Basic	103.5			103.5	109.0			109.0	
Diluted	103.5			105.6	112.7			112.7	

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, 2022 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, and \$8 million (\$11 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the three months ended June 30, 2021 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$9 million (\$6 million after-tax) for integration and transformation activities, and \$6 million (\$5 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Six Months Ended June 30

Revenue
Recurring
Perpetual software licenses and hardware
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses and hardware
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income (loss) before income taxes

Income tax expense
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding

Basic

Diluted

2022					2021				
GAAP	Equity Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Equity Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
\$ 731	\$ -	\$ -	\$ 731		\$ 748	\$ -	\$ -	\$ 748	-2%
34	-	-	34		40	-	-	40	-15%
161	-	-	161		194	-	-	194	-17%
926	-	-	926		982	-	-	982	-6%
530	(5)	(6)	541		571	(5)	(4)	580	-7%
72.5%			74.0%		76.3%			77.5%	
10	-	-	10		18	-	-	18	-44%
29.4%			29.4%		45.0%			45.0%	
19	(4)	(1)	24		28	(3)	(4)	35	-31%
11.8%			14.9%		14.4%			18.0%	
559	(9)	(7)	575		617	(8)	(8)	633	-9%
60.4%			62.1%		62.8%			64.5%	
320	40	15	265		310	30	18	262	1%
157	14	3	140		156	14	3	139	1%
477	54	18	405		466	44	21	401	1%
51.5%			43.7%		47.5%			40.8%	
82	(63)	(25)	170		151	(52)	(29)	232	-27%
8.9%			18.4%		15.4%			23.6%	
(27)	-	-	(27)		(20)	-	-	(20)	
55	(63)	(25)	143		131	(52)	(29)	212	-33%
23	(15)	1	37		34	(10)	(7)	51	
41.8%			25.9%		26.0%			24.1%	
\$ 32	\$ (48)	\$ (26)	\$ 106		\$ 97	\$ (42)	\$ (22)	\$ 161	-34%
3.5%			11.4%		9.9%			16.4%	
0.31	(0.46)	(0.25)	1.02		0.89	(0.39)	(0.20)	1.48	-31%
0.30	(0.45)	(0.24)	0.99		0.86	(0.37)	(0.20)	1.43	-31%
104.2			104.2		108.9			108.9	
107.1			107.1		112.7			112.7	

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 six months ended June 30, 2022 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, and \$23 million (\$24 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the six months ended June 30, 2021 include \$2 million (\$2 million after-tax) for amortization of acquired intangible assets, \$13 million (\$9 million after-tax) for integration and transformation activities, and \$14 million (\$11 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

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

	Three Months Ended March 31		Six Months Ended June 30	
	2022	2021	2022	2021
Net income (GAAP)	\$ (4)	\$ 44	\$ 32	\$ 97
Net cash provided by operating activities (GAAP)	\$ 105	\$ 225	\$ 256	\$ 335
Less capital expenditures for:				
Expenditures for property and equipment	(2)	(5)	(3)	(9)
Additions to capitalized software	(1)	(1)	(1)	(2)
Free Cash Flow (non-GAAP measure) ¹	\$ 102	\$ 219	\$ 252	\$ 324

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.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended March 31

Revenue
Recurring
Perpetual software licenses, hardware and other
Consulting services
Total revenue

Gross profit

Recurring
% of Revenue
Perpetual software licenses, hardware and other
% of Revenue
Consulting services
% of Revenue
Total gross profit
% of Revenue

Selling, general and administrative expenses
Research and development expenses
Total expenses
% of Revenue

Income from operations
% of Revenue

Other expense, net

Income before income taxes

Income tax expense (benefit)
% Tax rate

Net income
% of Revenue

Net income per common share

Basic

Diluted

Weighted average common shares outstanding

Basic

Diluted

2022					2021				
GAAP	Equity Compensation Expense	Other Special Items ²	Non-GAAP ¹		GAAP	Equity Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
\$ 386	\$ -	\$ -	\$ 386		\$ 372	\$ -	\$ -	\$ 372	4%
26	-	-	26		23	-	-	23	13%
84	-	-	84		96	-	-	96	-13%
496	-	-	496		491	-	-	491	1%
281	(3)	(6)	290		282	(2)	(2)	286	1%
72.8%			75.1%		75.8%			76.9%	
8	-	(1)	9		12	-	-	12	-25%
30.8%			34.6%		52.2%			52.2%	
12	(2)	1	13		13	(1)	(3)	17	-24%
14.3%			15.5%		13.5%			17.7%	
301	(5)	(6)	312		307	(3)	(5)	315	-1%
60.7%			62.9%		62.5%			64.2%	
157	19	9	129		149	12	7	130	-1%
76	7	1	68		77	6	1	70	-3%
233	26	10	197		226	18	8	200	-2%
47.0%			39.7%		46.0%			40.7%	
68	(31)	(16)	115		81	(21)	(13)	115	0%
13.7%			23.2%		16.5%			23.4%	
(13)	-	-	(13)		(9)	-	-	(9)	
55	(31)	(16)	102		72	(21)	(13)	106	-4%
19	(10)	(2)	31		19	(6)	(3)	28	
34.5%			30.4%		26.4%			26.4%	
\$ 36	\$ (21)	\$ (14)	\$ 71		\$ 53	\$ (15)	\$ (10)	\$ 78	-9%
7.3%			14.3%		10.8%			15.9%	
0.34	(0.20)	(0.13)	0.68		0.49	(0.14)	(0.09)	0.72	-6%
0.33	(0.19)	(0.13)	0.65		0.47	(0.13)	(0.09)	0.69	-5%
105.0			105.0		108.7			108.7	
108.6			108.6		112.8			112.8	

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 March 31, 2022 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, and \$15 million (\$13 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia.

3) Special items for the three months ended March 31, 2021 include \$1 million (\$1 million after-tax) for amortization of acquired intangible assets, \$4 million (\$3 million after-tax) for integration and transformation activities, and \$8 million (\$6 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

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

	Three Months Ended March 31	
	2022	2021
Net income (GAAP)	\$ 36	\$ 53
Net cash provided by operating activities (GAAP)	\$ 151	\$ 110
Less capital expenditures for:		
Expenditures for property and equipment	(1)	(4)
Additions to capitalized software	-	(1)
Free Cash Flow (non-GAAP measure) ¹	\$ 150	\$ 105

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.