TERADATA CORPORATION

(in millions, except per share amounts - unaudited)

	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2024 FY	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025 FY	2026 Q1
Revenue											
Recurring	$ 388	$ 368	$ 372	$ 351	$ 1,479	$ 358	$ 354	$ 366	$ 367	$ 1,445	$ 400
Growth Rate as Reported	(0%)	(1%)	3%	(6%)	(1%)	(8%)	(4%)	(2%)	5%	(2%)	12%
Growth Rate Constant Currency (non-GAAP)*	1%	2%	5%	(4%)	1%	(6%)	(4%)	(3%)	3%	(3%)	9%
Perpetual software licenses, hardware and other	8	5	7	3	23	10	3	3	1	17	1
Growth Rate as Reported	(38%)	(62%)	0%	(75%)	(49%)	25%	(40%)	(57%)	(67%)	(26%)	(90%)
Growth Rate Constant Currency (non-GAAP)*	(40%)	(58%)	(2%)	(69%)	(47%)	26%	(62%)	(44%)	(69%)	(25%)	(88%)
Consulting services	69	63	61	55	248	50	51	47	53	201	43
Growth Rate as Reported	(7%)	(19%)	(14%)	(25%)	(16%)	(28%)	(19%)	(23%)	(4%)	(19%)	(14%)
Growth Rate Constant Currency (non-GAAP)*	(2%)	(15%)	(12%)	(21%)	(13%)	(26%)	(20%)	(22%)	(6%)	(19%)	(15%)
Total revenue	**465**	**436**	**440**	**409**	**1,750**	**418**	**408**	**416**	**421**	**1,663**	**444**
Growth Rate as Reported	(2%)	(6%)	0%	(11%)	(5%)	(10%)	(6%)	(5%)	3%	(5%)	6%
Growth Rate Constant Currency (non-GAAP)*	(1%)	(3%)	2%	(9%)	(3%)	(8%)	(7%)	(6%)	1%	(5%)	4%
Gross profit											
Recurring	276	258	261	243	1,038	250	235	250	248	983	277
% of Revenue	71.1%	70.1%	70.2%	69.2%	70.2%	69.8%	66.4%	68.3%	67.6%	68.0%	69.3%
Perpetual software licenses, hardware and other	-	-	2	(2)	-	1	-	3	-	4	1
% of Revenue	0.0%	0.0%	28.6%	(66.7%)	0.0%	10.0%	0.0%	100.0%	0.0%	23.5%	100.0%
Consulting services	8	7	3	2	20	(3)	(5)	-	8	-	(2)
% of Revenue	11.6%	11.1%	4.9%	3.6%	8.1%	(6.0%)	(9.8%)	0.0%	15.1%	0.0%	(4.7%)
Total gross profit	**284**	**265**	**266**	**243**	**1,058**	**248**	**230**	**253**	**256**	**987**	**276**
% of Revenue	61.1%	60.8%	60.5%	59.4%	60.5%	59.3%	56.4%	60.8%	60.8%	59.4%	62.2%
Selling, general and administrative expenses	161	131	137	136	565	116	135	122	129	502	240
Research and development expenses	75	68	73	68	284	66	71	70	73	280	72
Total operating expense	236	199	210	204	849	182	206	192	202	782	312
% of Revenue	50.8%	45.6%	47.7%	49.9%	48.5%	43.5%	50.5%	46.2%	48.0%	47.0%	70.3%
Income (loss) from operations	**48**	**66**	**56**	**39**	**209**	**66**	**24**	**61**	**54**	**205**	**(36)**
% of Revenue	10.3%	15.1%	12.7%	9.5%	11.9%	15.8%	5.9%	14.7%	12.8%	12.3%	(8.1%)
Other (expense) income, net	(16)	(11)	(9)	(9)	(45)	(8)	(11)	(7)	(1)	(27)	473
Income before income taxes	32	55	47	30	164	58	13	54	53	178	437
Income tax expense	12	18	15	5	50	14	4	14	16	48	102
% Income tax	37.5%	32.7%	31.9%	16.7%	30.5%	24.1%	30.8%	25.9%	30.2%	27.0%	23.3%
Net income	$ 20	$ 37	$ 32	$ 25	$ 114	$ 44	$ 9	$ 40	$ 37	$ 130	$ 335
% of Revenue	4.3%	8.5%	7.3%	6.1%	6.5%	10.5%	2.2%	9.6%	8.8%	7.8%	75.5%
Net income per common share**											
Basic	$ 0.21	$ 0.38	$ 0.33	$ 0.26	$ 1.18	$ 0.46	$ 0.09	$ 0.42	$ 0.40	$ 1.38	$ 3.60
Diluted	$ 0.20	$ 0.38	$ 0.33	$ 0.26	$ 1.16	$ 0.45	$ 0.09	$ 0.42	$ 0.38	$ 1.35	$ 3.47
Weighted average common shares outstanding											
Basic	97.4	96.5	96.1	95.5	96.4	95.1	95.3	94.2	93.0	94.4	93.0
Diluted	100.1	97.4	97.0	97.4	98.2	97.4	96.0	95.5	96.4	96.6	96.6
Stock-based compensation expense (after-tax)	$ (30)	$ (24)	$ (25)	$ (23)	$ (102)	$ (19)	$ (32)	$ (24)	$ (26)	$ (101)	$ (24)
Special items (after-tax) (see Notes)	$ (7)	$ (1)	$ (10)	$ (4)	$ (22)	$ (1)	$ (4)	$ (5)	$ (8)	$ (18)	$ 274
Net income (Non-GAAP)*	**$ 57**	**$ 62**	**$ 67**	**$ 52**	**$ 238**	**$ 64**	**$ 45**	**$ 69**	**$ 71**	**$ 249**	**$ 85**
Non-GAAP Diluted EPS*	**$ 0.57**	**$ 0.64**	**$ 0.69**	**$ 0.53**	**$ 2.42**	**$ 0.66**	**$ 0.47**	**$ 0.72**	**$ 0.74**	**$ 2.58**	**$ 0.88**

Notes

Q1 2024 - $7 million ($5 million after-tax) for reorganization and transformation activities, and $2 million ($2 million after-tax) for losses on sale of Blue Chip Swap.
Q2 2024 - $1 million ($1 million after-tax) for reorganization and transformation activities.
Q3 2024 - $14 million ($10 million after-tax) for reorganization and transformation activities.
Q4 2024 - $6 million ($4 million after-tax) for reorganization and transformation activities.
Q1 2025 - $3 million ($1 million after-tax) for reorganization and transformation activities.
Q2 2025 - $12 million ($4 million after-tax) for reorganization and transformation activities.
Q3 2025 - $7 million ($5 million after-tax) for reorganization and transformation activities.
Q4 2025 - $9 million ($8 million after-tax) for reorganization and transformation activities.
Q1 2026 - $359 million ($280 million after-tax) for net proceeds from SAP legal settlement, and $7 million ($6 million after-tax) in charges for reorganization, transformation and other 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 - Supplemental schedule**
(Unaudited)
(in millions, except per share amounts - unaudited)

	2024					2025					2026
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
Revenue (non-GAAP)											
Recurring	$ 388	$ 368	$ 372	$ 351	$ 1,479	$ 358	$ 354	$ 366	$ 367	$ 1,445	$ 400
Growth Rate as Reported	(0%)	(1%)	3%	(6%)	(1%)	(8%)	(4%)	(2%)	5%	(2%)	12%
Growth Rate Constant Currency (non-GAAP)*	1%	2%	5%	(4%)	1%	(6%)	(4%)	(3%)	3%	(3%)	9%
Perpetual software licenses, hardware and other	8	5	7	3	23	10	3	3	1	17	1
Growth Rate as Reported	(38%)	(62%)	0%	(75%)	(49%)	25%	(40%)	(57%)	(67%)	(26%)	(90%)
Growth Rate Constant Currency (non-GAAP)*	(40%)	(58%)	(2%)	(69%)	(47%)	26%	(62%)	(44%)	(69%)	(25%)	(88%)
Consulting services	69	63	61	55	248	50	51	47	53	201	43
Growth Rate as Reported	(7%)	(19%)	(14%)	(25%)	(16%)	(28%)	(19%)	(23%)	(4%)	(19%)	(14%)
Growth Rate Constant Currency (non-GAAP)*	(2%)	(15%)	(12%)	(21%)	(13%)	(26%)	(20%)	(22%)	(6%)	(19%)	(15%)
Total revenue	**465**	**436**	**440**	**409**	**1,750**	**418**	**408**	**416**	**421**	**1,663**	**444**
Growth Rate as Reported	(2%)	(6%)	0%	(11%)	(5%)	(10%)	(6%)	(5%)	3%	(5%)	6%
Growth Rate Constant Currency (non-GAAP)*	(1%)	(3%)	2%	(9%)	(3%)	(8%)	(7%)	(6%)	1%	(5%)	4%
Gross profit (non-GAAP)											
Recurring	278	262	263	246	1,049	252	239	252	251	994	280
% of Revenue	71.6%	71.2%	70.7%	70.1%	70.9%	70.4%	67.5%	68.9%	68.4%	68.8%	70.0%
Perpetual software licenses, hardware and other	-	-	2	(2)	-	1	-	3	-	4	1
% of Revenue	0.0%	0.0%	28.6%	(66.7%)	0.0%	10.0%	0.0%	100.0%	0.0%	23.5%	100.0%
Consulting services	11	9	6	5	31	(1)	(1)	4	10	12	2
% of Revenue	15.9%	14.3%	9.8%	9.1%	12.5%	(2.0%)	(2.0%)	8.5%	18.9%	6.0%	4.7%
Total gross profit (non-GAAP)	**289**	**271**	**271**	**249**	**1,080**	**252**	**238**	**259**	**261**	**1,010**	**283**
% of Revenue	62.2%	62.2%	61.6%	60.9%	61.7%	60.3%	58.3%	62.3%	62.0%	60.7%	63.7%
Selling, general and administrative expenses	134	114	109	117	474	101	107	101	104	413	98
Research and development expenses	66	61	63	60	250	60	64	60	61	245	64
Total operating expense (non-GAAP)	200	175	172	177	724	161	171	161	165	658	162
% of Revenue	43.0%	40.1%	39.1%	43.3%	41.4%	38.5%	41.9%	38.7%	39.2%	39.6%	36.5%
Income from operations (non-GAAP)	**89**	**96**	**99**	**72**	**356**	**91**	**67**	**98**	**96**	**352**	**121**
% of Revenue	19.1%	22.0%	22.5%	17.6%	20.3%	21.8%	16.4%	23.6%	22.8%	21.2%	27.3%
Other expense, net	(14)	(11)	(9)	(9)	(43)	(8)	(11)	(8)	(4)	(31)	(7)
Income before income taxes (non-GAAP)	75	85	90	63	313	83	56	90	92	321	114
Income tax expense (benefit)	18	23	23	11	75	19	11	21	21	72	29
% Income tax	24.0%	27.1%	25.6%	17.5%	24.0%	22.9%	19.6%	23.3%	22.8%	22.4%	25.4%
Net income (non-GAAP)**	**$ 57**	**$ 62**	**$ 67**	**$ 52**	**$ 238**	**$ 64**	**$ 45**	**$ 69**	**$ 71**	**$ 249**	**$ 85**
% of Revenue	12.3%	14.2%	15.2%	12.7%	13.6%	15.3%	11.0%	16.6%	16.9%	15.0%	19.1%
Net income per common share (non-GAAP)***											
Basic	$ 0.59	$ 0.64	$ 0.70	$ 0.54	$ 2.47	$ 0.67	$ 0.47	$ 0.73	$ 0.76	$ 2.64	$ 0.91
Diluted	**$ 0.57**	**$ 0.64**	**$ 0.69**	**$ 0.53**	**$ 2.42**	**$ 0.66**	**$ 0.47**	**$ 0.72**	**$ 0.74**	**$ 2.58**	**$ 0.88**
Weighted average common shares outstanding											
Basic	97.4	96.5	96.1	95.5	96.4	95.1	95.3	94.2	93.0	94.4	93.0
Diluted	100.1	97.4	97.0	97.4	98.2	97.4	96.0	95.5	96.4	96.6	96.6

* 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 March 31

	2026					2025				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	SAP Settlement	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue										
Recurring	$ **400**	$ -	$ -	$ -	$ 400	$ **358**	$ -	$ -	$ 358	12%
Perpetual software licenses, hardware and other	**1**	-	-	-	1	**10**	-	-	10	-90%
Product Sales	**401**	-	-		401	**368**	-	-	368	9%
Consulting services	**43**	-	-	-	43	**50**	-	-	50	-14%
Total revenue	**444**	-	-	-	444	**418**	-	-	418	6%
Gross profit										
Recurring	**277**	(2)	(1)	-	280	**250**	(2)	-	252	11%
% of Revenue	**69.3%**				70.0%	**69.8%**			70.4%	
Perpetual software licenses, hardware and other	**1**	-	-	-	1	**1**	-	-	1	0%
% of Revenue	**100.0%**				100.0%	**10.0%**			10.0%	
Product Sales	**278**	(2)	(1)		281	**251**	(2)	-	253	11%
% of Revenue	**69.3%**				70.1%	**68.2%**			68.8%	
Consulting services	**(2)**	(2)	(2)	-	2	**(3)**	(2)	-	(1)	-300%
% of Revenue	**-4.7%**				4.7%	**-6.0%**			-2.0%	
Total gross profit	**276**	(4)	(3)	-	283	**248**	(4)	-	252	12%
% of Revenue	**62.2%**				63.7%	**59.3%**			60.3%	
Selling, general and administrative expenses	**240**	17	4	121	98	**116**	12	3	101	-3%
Research and development expenses	**72**	8	-	-	64	**66**	6	-	60	7%
Total expenses	**312**	25	4	121	162	**182**	18	3	161	1%
% of Revenue	**70.3%**				36.5%	**43.5%**			38.5%	
(Loss) income from operations	**(36)**	(29)	(7)	(121)	121	**66**	(22)	(3)	91	33%
% of Revenue	**(8.1%)**				27.3%	**15.8%**			21.8%	
Other income (expense), net	**473**	-	-	480	(7)	**(8)**	-	-	(8)	
Income before income taxes	**437**	(29)	(7)	359	114	**58**	(22)	(3)	83	37%
Income tax expense	**102**	(5)	(1)	79	29	**14**	(3)	(2)	19	
% Tax rate	**23.3%**				25.4%	**24.1%**			22.9%	
Net income	$ **335**	$ (24)	$ (6)	$ 280	$ 85	$ **44**	$ (19)	$ (1)	$ 64	33%
% of Revenue	**75.5%**				19.1%	**10.5%**			15.3%	
Net income per common share										
Basic	$ **3.60**	$ (0.26)	$ (0.06)	$ 3.01	$ 0.91	$ **0.46**	$ (0.20)	$ (0.01)	$ 0.67	35%
Diluted	$ **3.47**	$ (0.25)	$ (0.06)	$ 2.90	$ 0.88	$ **0.45**	$ (0.20)	$ (0.01)	$ 0.66	33%
Weighted average common shares outstanding										
Basic	**93.0**				93.0	**95.1**			95.1	
Diluted	**96.6**				96.6	**97.4**			97.4	

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 March 31, 2026 include $7 million ($6 million after-tax) for reorganization, transformation and other activities.
3) Special items for the three months ended March 31, 2025 include $3 million ($1 million after-tax) for reorganization, transformation and other activities.

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

	Three Months Ended March 31	
	2026	**2025**
Net income (GAAP)	$ 335	$ 44
Net cash provided by operating activities (GAAP)	**$ 401**	**$ 8**
Less capital expenditures for:		
Expenditures for property and equipment	(10)	(1)
Additions to capitalized software	(1)	-
Free Cash Flow (non-GAAP measure) [1]	**$ 390**	**$ 7**

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

	2025				2024				
	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	**$ 367**	$ -	$ -	$ 367	**$ 351**	$ -	$ -	$ 351	5%
Perpetual software licenses, hardware and other	**1**	-	-	1	**3**	-	-	3	-67%
Product Sales	**368**	-	-	368	**354**	-	-	354	4%
Consulting services	**53**	-	-	53	**55**	-	-	55	-4%
Total revenue	**421**	-	-	421	**409**	-	-	409	3%
Gross profit									
Recurring	**248**	(2)	(1)	251	**243**	(2)	(1)	246	2%
% of Revenue	**67.6%**			68.4%	**69.2%**			70.1%	
Perpetual software licenses, hardware and other	**-**	-	-	-	**(2)**	-	-	(2)	-100%
% of Revenue	**0.0%**			0.0%	**-66.7%**			-66.7%	
Product Sales	**248**	(2)	(1)	251	**241**	(2)	(1)	244	3%
% of Revenue	**67.4%**			68.2%	**68.1%**			68.9%	
Consulting services	**8**	(2)	-	10	**2**	(2)	(1)	5	100%
% of Revenue	**15.1%**			18.9%	**3.6%**			9.1%	
Total gross profit	**256**	(4)	(1)	261	**243**	(4)	(2)	249	5%
% of Revenue	**60.8%**			62.0%	**59.4%**			60.9%	
Selling, general and administrative expenses	**129**	18	7	104	**136**	16	3	117	-11%
Research and development expenses	**73**	8	4	61	**68**	7	1	60	2%
Total expenses	**202**	26	11	165	**204**	23	4	177	-7%
% of Revenue	**48.0%**			39.2%	**49.9%**			43.3%	
Income from operations	**54**	(30)	(12)	96	**39**	(27)	(6)	72	33%
% of Revenue	**12.8%**			22.8%	**9.5%**			17.6%	
Other expense, net	**(1)**	-	3	(4)	**(9)**	-	-	(9)	
Income before income taxes	**53**	(30)	(9)	92	**30**	(27)	(6)	63	46%
Income tax expense	**16**	(4)	(1)	21	**5**	(4)	(2)	11	
% Tax rate	**30.2%**			22.8%	**16.7%**			17.5%	
Net income	**$ 37**	$ (26)	$ (8)	$ 71	**$ 25**	$ (23)	$ (4)	$ 52	37%
% of Revenue	**8.8%**			16.9%	**6.1%**			12.7%	
Net income per common share									
Basic	**$ 0.40**	$ (0.28)	$ (0.09)	$ 0.76	**$ 0.26**	$ (0.24)	$ (0.04)	$ 0.54	40%
Diluted	**$ 0.38**	$ (0.27)	$ (0.08)	$ 0.74	**$ 0.26**	$ (0.24)	$ (0.04)	$ 0.53	40%
Weighted average common shares outstanding									
Basic	**93.0**			93.0	**95.5**			95.5	
Diluted	**96.4**			96.4	**97.4**			97.4	

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 December 31, 2025 include $9 million ($8 million after-tax) for reorganization, transformation and other activities.
3) Special items for the three months ended December 31, 2024 include $6 million ($4 million after-tax) for reorganization, transformation and other 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 Twelve Months Ended December 31

	2025				2024				
	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	**$ 1,445**	$ -	$ -	$ 1,445	**$ 1,479**	$ -	$ -	$ 1,479	-2%
Perpetual software licenses, hardware and other	**17**	-	-	17	**23**	-	-	23	-26%
Product Sales	**1,462**	-	-	1,462	**1,502**	-	-	1,502	-3%
Consulting services	**201**	-	-	201	**248**	-	-	248	-19%
Total revenue	**1,663**	-	-	1,663	**1,750**	-	-	1,750	-5%
Gross profit									
Recurring	**983**	(9)	(2)	994	**1,038**	(9)	(2)	1,049	-5%
% of Revenue	**68.0%**			68.8%	**70.2%**			70.9%	
Perpetual software licenses, hardware and other	**4**	-	-	4	**-**	-	-	-	N/A
% of Revenue	**23.5%**			23.5%	**0.0%**			0.0%	
Product Sales	**987**	(9)	(2)	998	**1,038**	(9)	(2)	1,049	-5%
% of Revenue	**67.5%**			68.3%	**69.1%**			69.8%	
Consulting services	**-**	(8)	(4)	12	**20**	(8)	(3)	31	-61%
% of Revenue	**0.0%**			6.0%	**8.1%**			12.5%	
Total gross profit	**987**	(17)	(6)	1,010	**1,058**	(17)	(5)	1,080	-6%
% of Revenue	**59.4%**			60.7%	**60.5%**			61.7%	
Selling, general and administrative expenses	**502**	68	21	413	**565**	74	17	474	-13%
Research and development expenses	**280**	27	8	245	**284**	28	6	250	-2%
Total expenses	**782**	95	29	658	**849**	102	23	724	-9%
% of Revenue	**47.0%**			39.6%	**48.5%**			41.4%	
Income from operations	**205**	(112)	(35)	352	**209**	(119)	(28)	356	-1%
% of Revenue	**12.3%**			21.2%	**11.9%**			20.3%	
Other expense, net	**(27)**	-	4	(31)	**(45)**	-	(2)	(43)	
Income before income taxes	**178**	(112)	(31)	321	**164**	(119)	(30)	313	3%
Income tax expense	**48**	(11)	(13)	72	**50**	(17)	(8)	75	
% Tax rate	**27.0%**			22.4%	**30.5%**			24.0%	
Net income	**$ 130**	$ (101)	$ (18)	$ 249	**$ 114**	$ (102)	$ (22)	$ 238	5%
% of Revenue	**7.8%**			15.0%	**6.5%**			13.6%	
Net income per common share									
Basic	**$ 1.38**	$ (1.07)	$ (0.19)	$ 2.64	**$ 1.18**	$ (1.06)	$ (0.23)	$ 2.47	7%
Diluted	**$ 1.35**	$ (1.05)	$ (0.19)	$ 2.58	**$ 1.16**	$ (1.04)	$ (0.22)	$ 2.42	6%
Weighted average common shares outstanding									
Basic	**94.4**			94.4	**96.4**			96.4	
Diluted	**96.6**			96.6	**98.2**			98.2	

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 twelve months ended December 31, 2025 include $31 million ($18 million after-tax) for reorganization, transformation and other activities.
3) Special items for the twelve months ended December 31, 2024 include $2 million ($2 million after-tax) for losses on sale of Blue Chip Swap, and $28 million ($20 million after-tax) for reorganization, transformation and other activities.

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
Net income (GAAP)	$ 37	$ 25	$ 130	$ 114
Net cash provided by operating activities (GAAP)	**$ 160**	**$ 156**	**$ 305**	**$ 303**
Less capital expenditures for:				
Expenditures for property and equipment	(9)	(7)	(19)	(24)
Additions to capitalized software	-	(1)	(1)	(2)
Free Cash Flow (non-GAAP measure) [1]	**$ 151**	**$ 148**	**$ 285**	**$ 277**

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

	2025				2024				
	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	**$ 366**	$ -	$ -	$ 366	**$ 372**	$ -	$ -	$ 372	-2%
Perpetual software licenses, hardware and other	**3**	-	-	3	**7**	-	-	7	-57%
Consulting services	**47**	-	-	47	**61**	-	-	61	-23%
Total revenue	**416**	-	-	416	**440**	**-**	-	440	-5%
Gross profit									
Recurring	**250**	(2)	-	252	**261**	(2)	-	263	-4%
% of Revenue	**68.3%**			68.9%	**70.2%**			70.7%	
Perpetual software licenses, hardware and other	**3**	-	-	3	**2**	-	-	2	50%
% of Revenue	**100.0%**			100.0%	**28.6%**			28.6%	
Consulting services	**-**	(2)	(2)	4	**3**	(2)	(1)	6	-33%
% of Revenue	**0.0%**			8.5%	**4.9%**			9.8%	
Total gross profit	**253**	(4)	(2)	259	**266**	(4)	(1)	271	-4%
% of Revenue	**60.8%**			62.3%	**60.5%**			61.6%	
Selling, general and administrative expenses	**122**	18	3	101	**137**	19	9	109	-7%
Research and development expenses	**70**	7	3	60	**73**	6	4	63	-5%
Total expenses	**192**	25	6	161	**210**	25	13	172	-6%
% of Revenue	**46.2%**			38.7%	**47.7%**			39.1%	
Income from operations	**61**	(29)	(8)	98	**56**	(29)	(14)	99	-1%
% of Revenue	**14.7%**			23.6%	**12.7%**			22.5%	
Other expense, net	**(7)**	-	1	(8)	**(9)**	-	-	(9)	
Income before income taxes	**54**	(29)	(7)	90	**47**	(29)	(14)	90	0%
Income tax expense	**14**	(5)	(2)	21	**15**	(4)	(4)	23	
% Tax rate	**25.9%**			23.3%	**31.9%**			25.6%	
Net income	**$ 40**	$ (24)	$ (5)	$ 69	**$ 32**	$ (25)	$ (10)	$ 67	3%
% of Revenue	**9.6%**			16.6%	**7.3%**			15.2%	
Net income per common share									
Basic	**$ 0.42**	$ (0.25)	$ (0.05)	$ 0.73	**$ 0.33**	$ (0.26)	$ (0.10)	$ 0.70	5%
Diluted	**$ 0.42**	$ (0.25)	$ (0.05)	$ 0.72	**$ 0.33**	$ (0.26)	$ (0.10)	$ 0.69	4%
Weighted average common shares outstanding									
Basic	**94.2**	$ (0.07)		94.2	**96.1**			96.1	
Diluted	**95.5**			95.5	**97.0**			97.0	

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 three months ended September 30, 2025 include $7 million ($5 million after-tax) for reorganization, transformation and other activities.
3) Special items for the three months ended September 30, 2024 include $14 million ($10 million after-tax) for reorganization, transformation and other 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

	2025				2024				
	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	$ 1,078	$ -	$ -	$ 1,078	$ 1,128	$ -	$ -	$ 1,128	-4%
Perpetual software licenses, hardware and other	16	-	-	16	20	-	-	20	-20%
Consulting services	148	-	-	148	193	-	-	193	-23%
Total revenue	1,242	-	-	1,242	1,341	-	-	1,341	-7%
Gross profit									
Recurring	735	(7)	(1)	743	795	(7)	(1)	803	-7%
% of Revenue	68.2%			68.9%	70.5%			71.2%	
Perpetual software licenses, hardware and other	4	-	-	4	2	-	-	2	100%
% of Revenue	25.0%			25.0%	10.0%			10.0%	
Consulting services	(8)	(6)	(4)	2	18	(6)	(2)	26	-92%
% of Revenue	-5.4%			1.4%	9.3%			13.5%	
Total gross profit	731	(13)	(5)	749	815	(13)	(3)	831	-10%
% of Revenue	58.9%			60.3%	60.8%			62.0%	
Selling, general and administrative expenses	373	50	14	309	429	58	14	357	-13%
Research and development expenses	207	19	4	184	216	21	5	190	-3%
Total expenses	580	69	18	493	645	79	19	547	-10%
% of Revenue	46.7%			39.7%	48.1%			40.8%	
Income from operations	151	(82)	(23)	256	170	(92)	(22)	284	-10%
% of Revenue	12.2%			20.6%	12.7%			21.2%	
Other expense, net	(26)	-	1	(27)	(36)	-	(2)	(34)	
Income before income taxes	125	(82)	(22)	229	134	(92)	(24)	250	-8%
Income tax expense	32	(7)	(12)	51	45	(13)	(6)	64	
% Tax rate	25.6%			22.3%	33.6%			25.6%	
Net income	$ 93	$ (75)	$ (10)	$ 178	$ 89	$ (79)	$ (18)	$ 186	-4%
% of Revenue	7.5%			14.3%	6.6%			13.9%	
Net income per common share									
Basic	$ 0.98	$ (0.79)	$ (0.11)	$ 1.88	$ 0.92	$ (0.82)	$ (0.19)	$ 1.92	-2%
Diluted	$ 0.96	$ (0.78)	$ (0.10)	$ 1.84	$ 0.91	$ (0.80)	$ (0.18)	$ 1.89	-3%
Weighted average common shares outstanding									
Basic	94.9			94.9	96.7			96.7	
Diluted	96.5			96.5	98.3			98.3	

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, 2025 include $22 million ($10 million after-tax) for reorganization, transformation and other activities.
3) Special items for the nine months ended September 30, 2024 include $2 million ($2 million after-tax) for losses on sale of Blue Chip Swap, and $22 million ($16 million after-tax) for reorganization, transformation and other activities.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Net income (GAAP)	$ 40	$ 32	$ 93	$ 89
Net cash provided by operating activities (GAAP)	**$ 94**	**$ 77**	**$ 145**	**$ 147**
Less capital expenditures for:				
Expenditures for property and equipment	(5)	(8)	(10)	(17)
Additions to capitalized software	(1)	-	(1)	(1)
Free Cash Flow (non-GAAP measure) [1]	**$ 88**	**$ 69**	**$ 134**	**$ 129**

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

	2025				2024				
	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	**$ 354**	$ -	$ -	$ 354	**$ 368**	$ -	$ -	$ 368	-4%
Perpetual software licenses, hardware and other	**3**	-	-	3	**5**	-	-	5	-40%
Consulting services	**51**	-	-	51	**63**	-	-	63	-19%
Total revenue	**408**	-	-	408	**436**	**-**	-	436	-6%
Gross profit									
Recurring	**235**	(3)	(1)	239	**258**	(3)	(1)	262	-9%
% of Revenue	**66.4%**			67.5%	**70.1%**			71.2%	
Perpetual software licenses, hardware and other	**-**	-	-	-	**-**	-	-	-	N/A
% of Revenue	**0.0%**			0.0%	**0.0%**			0.0%	
Consulting services	**(5)**	(2)	(2)	(1)	**7**	(2)	-	9	-111%
% of Revenue	**-9.8%**			-2.0%	**11.1%**			14.3%	
Total gross profit	**230**	(5)	(3)	238	**265**	(5)	(1)	271	-12%
% of Revenue	**56.4%**			58.3%	**60.8%**			62.2%	
Selling, general and administrative expenses	**135**	20	8	107	**131**	16	1	114	-6%
Research and development expenses	**71**	6	1	64	**68**	8	(1)	61	5%
Total expenses	**206**	26	9	171	**199**	24	-	175	-2%
% of Revenue	**50.5%**			41.9%	**45.6%**			40.1%	
Income from operations	**24**	(31)	(12)	67	**66**	(29)	(1)	96	-30%
% of Revenue	**5.9%**			16.4%	**15.1%**			22.0%	
Other expense, net	**(11)**	-	-	(11)	**(11)**	-	-	(11)	
Income before income taxes	**13**	(31)	(12)	56	**55**	(29)	(1)	85	-34%
Income tax expense	**4**	1	(8)	11	**18**	(5)	-	23	
% Tax rate	**30.8%**			19.6%	**32.7%**			27.1%	
Net income	**$ 9**	$ (32)	$ (4)	$ 45	**$ 37**	$ (24)	$ (1)	$ 62	-27%
% of Revenue	**2.2%**			11.0%	**8.5%**			14.2%	
Net income per common share									
Basic	**$ 0.09**	$ (0.34)	$ (0.04)	$ 0.47	**$ 0.38**	$ (0.25)	$ (0.01)	$ 0.64	-27%
Diluted	**$ 0.09**	$ (0.33)	$ (0.04)	$ 0.47	**$ 0.38**	$ (0.25)	$ (0.01)	$ 0.64	-27%
Weighted average common shares outstanding									
Basic	**95.3**			95.3	**96.5**			96.5	
Diluted	**96.0**			96.0	**97.4**			97.4	

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 June 30, 2025 include $12 million ($4 million after-tax) for reorganization, transformation and other activities.
3) Special items for the three months ended June 30, 2024 include $1 million ($1 million after-tax) for reorganization, transformation and other 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 Six Months Ended June 30

	2025				2024				
	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	**$ 712**	$ -	$ -	$ 712	**$ 756**	$ -	$ -	$ 756	-6%
Perpetual software licenses, hardware and other	**13**	-	-	13	**13**	-	-	13	0%
Consulting services	**101**	-	-	101	**132**	-	-	132	-23%
Total revenue	**826**	**-**	-	826	**901**	**-**	-	901	-8%
Gross profit									
Recurring	**485**	(5)	(1)	491	**534**	(5)	(1)	540	-9%
% of Revenue	**68.1%**			69.0%	**70.6%**			71.4%	
Perpetual software licenses, hardware and other	**1**	-	-	1	**-**	-	-	-	N/A
% of Revenue	**7.7%**			7.7%	**0.0%**			0.0%	
Consulting services	**(8)**	(4)	(2)	(2)	**15**	(4)	(1)	20	-110%
% of Revenue	**-7.9%**			-2.0%	**11.4%**			15.2%	
Total gross profit	**478**	(9)	(3)	490	**549**	(9)	(2)	560	-13%
% of Revenue	**57.9%**			59.3%	**60.9%**			62.2%	
Selling, general and administrative expenses	**251**	32	11	208	**292**	39	5	248	-16%
Research and development expenses	**137**	12	1	124	**143**	15	1	127	-2%
Total expenses	**388**	44	12	332	**435**	54	6	375	-11%
% of Revenue	**47.0%**			40.2%	**48.3%**			41.6%	
Income from operations	**90**	(53)	(15)	158	**114**	(63)	(8)	185	-15%
% of Revenue	**10.9%**			19.1%	**12.7%**			20.5%	
Other expense, net	**(19)**	-	-	(19)	**(27)**	-	(2)	(25)	
Income before income taxes	**71**	(53)	(15)	139	**87**	(63)	(10)	160	-13%
Income tax expense	**18**	(2)	(10)	30	**30**	(9)	(2)	41	
% Tax rate	**25.4%**			21.6%	**34.5%**			25.6%	
Net income	**$ 53**	$ (51)	$ (5)	$ 109	**$ 57**	$ (54)	$ (8)	$ 119	-8%
% of Revenue	**6.4%**			13.2%	**6.3%**			13.2%	
Net income per common share									
Basic	**$ 0.56**	$ (0.54)	$ (0.05)	$ 1.14	**$ 0.59**	$ (0.56)	$ (0.08)	$ 1.23	-7%
Diluted	**$ 0.55**	$ (0.53)	$ (0.05)	$ 1.12	**$ 0.58**	$ (0.55)	$ (0.08)	$ 1.20	-7%
Weighted average common shares outstanding									
Basic	**95.2**			95.2	**97.0**			97.0	
Diluted	**97.0**			97.0	**98.9**			98.9	

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 six months ended June 30, 2025 include $15 million ($5 million after-tax) for reorganization, transformation and other activities.

3) Special items for the six months ended June 30, 2024 include $2 million ($2 million after-tax) for losses on sale of Blue Chip Swap, and $8 million ($6 million after-tax) for reorganization, transformation and other activities.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Net income (GAAP)	$ 9	$ 37	$ 53	$ 57
Net cash provided by operating activities (GAAP)	**$ 43**	**$ 43**	**$ 51**	**$ 70**
Less capital expenditures for:				
Expenditures for property and equipment	(4)	(3)	(5)	(9)
Additions to capitalized software	-	(1)	-	(1)
Free Cash Flow (non-GAAP measure) [1]	**$ 39**	**$ 39**	**$ 46**	**$ 60**

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

	2025				2024				
	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	$ 358	$ -	$ -	$ 358	$ 388	$ -	$ -	$ 388	-8%
Perpetual software licenses, hardware and other	10	-	-	10	8	-	-	8	25%
Consulting services	50	-	-	50	69	-	-	69	-28%
Total revenue	418	-	-	418	465	-	-	465	-10%
Gross profit									
Recurring	250	(2)	-	252	276	(2)	-	278	-9%
% of Revenue	69.8%			70.4%	71.1%			71.6%	
Perpetual software licenses, hardware and other	1	-	-	1	-	-	-	-	#DIV/0!
% of Revenue	10.0%			10.0%	0.0%			0.0%	
Consulting services	(3)	(2)	-	(1)	8	(2)	(1)	11	-109%
% of Revenue	-6.0%			-2.0%	11.6%			15.9%	
Total gross profit	248	(4)	-	252	284	(4)	(1)	289	-13%
% of Revenue	59.3%			60.3%	61.1%			62.2%	
Selling, general and administrative expenses	116	12	3	101	161	23	4	134	-25%
Research and development expenses	66	6	-	60	75	7	2	66	-9%
Total expenses	182	18	3	161	236	30	6	200	-20%
% of Revenue	43.5%			38.5%	50.8%			43.0%	
Income from operations	66	(22)	(3)	91	48	(34)	(7)	89	2%
% of Revenue	15.8%			21.8%	10.3%			19.1%	
Other expense, net	(8)	-	-	(8)	(16)	-	(2)	(14)	
Income before income taxes	58	(22)	(3)	83	32	(34)	(9)	75	11%
Income tax expense	14	(3)	(2)	19	12	(4)	(2)	18	
% Tax rate	24.1%			22.9%	37.5%			24.0%	
Net income	$ 44	$ (19)	$ (1)	$ 64	$ 20	$ (30)	$ (7)	$ 57	12%
% of Revenue	10.5%			15.3%	4.3%			12.3%	
Net income per common share									
Basic	$ 0.46	$ (0.20)	$ (0.01)	$ 0.67	$ 0.21	$ (0.31)	$ (0.07)	$ 0.59	14%
Diluted	$ 0.45	$ (0.20)	$ (0.01)	$ 0.66	$ 0.20	$ (0.30)	$ (0.07)	$ 0.57	16%
Weighted average common shares outstanding									
Basic	95.1			95.1	97.4			97.4	
Diluted	97.4			97.4	100.1			100.1	

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 three months ended March 31, 2025 include $3 million ($1 million after-tax) for reorganization, transformation and other activities.
3) Special items for the three months ended March 31, 2024 include $2 million ($2 million after-tax) for losses on sale of Blue Chip Swap, and $7 million ($5 million after-tax) for reorganization, transformation and other activities.

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

	Three Months Ended March 31	
	2025	**2024**
Net income (GAAP)	$ 44	$ 20
Net cash provided by operating activities (GAAP)	**$ 8**	**$ 27**
Less capital expenditures for:		
Expenditures for property and equipment	(1)	(6)
Free Cash Flow (non-GAAP measure) [1]	**$ 7**	**$ 21**

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.