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NEWS RELEASE

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Teradata Reports 2013 First Quarter Results

ATLANTA – Teradata Corporation (NYSE: TDC) today reported revenue of \$587 million for the quarter ended March 31, 2013, a decrease of 4 percent from \$613 million in the first quarter of 2012. Revenue in the first quarter decreased 3 percent when compared in constant currency.⁽¹⁾

Gross margin was 52.0 percent, as reported under U.S. Generally Accepted Accounting Principles (GAAP), versus 55.1 percent in the first quarter of 2012. On a non-GAAP basis, excluding stock-based compensation expense and the other special items described in footnote #2, gross margin was 53.3 percent, down from the 55.9 percent gross margin in the first quarter of 2012.⁽²⁾

Teradata reported first quarter GAAP net income of \$59 million, or \$0.35 per diluted share, which compared to GAAP net income of \$91 million, or \$0.53 per diluted share, in the first quarter of 2012. Stock-based compensation expense and other special items reduced Teradata's first quarter net income by \$14 million (or 8 cents of EPS) as reported under GAAP. (2) Excluding stock-based compensation expense and the other special items detailed in footnote #2, non-GAAP net income in the first quarter of 2013 was \$73 million, or \$0.43 per diluted share, versus \$103 million, or \$0.60 per diluted share, in the first quarter of 2012. (2)

"As we expected, Teradata got off to a slow start in the first quarter of 2013. Although we continue to see softness in large capital purchases, we continue to have strong market momentum with our Aster Big Data Analytics and Integrated Marketing solutions as well as our Unified Data Architecture which helps organizations drive value from all of their data," said Mike Koehler, president and chief executive officer, Teradata Corporation. "In 2013, we will continue to increase our investments in research and development and market coverage in order to further advance our leadership positions and grow our revenues in Data Warehousing, Big Data Analytics, and Integrated Marketing Management in the years to come."

Regional Revenue Performance

For the Three Months Ended March 31

(in millions)

			(111 11111110113)	
	2013	2012	% Chg.as Reported	% Chg. in Constant Currency ⁽¹⁾
Americas	\$355	\$388	-9%	-8%
International*	232	225	3%	5%
Total revenue	\$587	\$613	-4%	-3%

^{*} For comparable purposes, prior-year amounts have been reclassified to conform to the current-year presentation.

Operating Income

First quarter operating income of \$76 million was down from \$127 million reported in the first quarter of 2012. On a non-GAAP basis, operating income was \$104 million versus \$147 million in the first quarter of 2012.⁽²⁾ The decline was primarily due to lower revenue volume, unfavorable revenue mix as well as increased investment in sales resources and research and development.

Cash Flow

During the first quarter of 2013, Teradata generated \$243 million of cash from operating activities, compared to \$192 million in the prior-year period. The increase was driven by the collection of seasonally high accounts receivables balance as of December 31, 2012. Teradata generated \$216 million of free cash flow (cash from operating activities less capital expenditures and additions to capitalized software)⁽³⁾ in the first quarter of 2013, versus \$162 million in the same period in 2012.

Balance Sheet

Teradata ended the quarter with \$853 million in cash, a \$124 million increase from December 31, 2012. The overall increase in cash in the first quarter was somewhat offset by Teradata's purchase of 1.6 million shares of its stock for approximately \$94 million during the quarter. Year to-date, through April 30, Teradata purchased 2.7 million shares for approximately \$155 million.

As of March 31, 2013, Teradata had total debt of \$285 million outstanding under a term loan. Additionally, Teradata has \$300 million available through a pre-arranged credit facility; however, no funds were drawn from the credit facility.

2013 Outlook

Teradata now expects revenue growth for the full-year 2013 to be at the lower end of its prior revenue growth rate guidance of 6 to 10 percent, when measured in constant currency. Based on currency rates at the end of April, 2013, Teradata now anticipates currency translation to reduce its year-over-year revenue comparison by approximately 1 percent. Teradata also now expects earnings per share for the full-year 2013 to be at the lower end of its prior guidance ranges of \$2.64-\$2.79 on a GAAP basis and \$3.05-\$3.20 on a non-GAAP basis, excluding stock-based compensation expense and other special items. (2)

2013 First Quarter Earnings Conference Call

A conference call is scheduled today at 4:30 p.m. (ET) to discuss the company's first quarter 2013 results. Access to the conference call, as well as a replay of the call, is available on Teradata's web site at www.teradata.com/investor.

Supplemental financial information regarding Teradata's operating results is also available on the Investor Relations page of Teradata's web site.

About Teradata

Teradata Corporation (NYSE: TDC) is the world's leading analytic data solutions company, focused on integrated data warehousing, big data analytics, and business applications. Teradata's innovative products and services deliver data integration and business insight to empower organizations to make the best decisions possible for competitive advantage. Visit teradata.com for details.

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Teradata is a trademark or registered trademark of Teradata Corporation in the United States and other countries.

1. The impact of currency is determined by calculating the prior-period results using the current-year monthly average currency rates. See the foreign currency fluctuation schedule on the Investor Relations page of the company's web site at www.teradata.com/investor, which is used to determine revenue on a constant currency basis.

For the Three Months Ended March 31

	(in millions)					
Revenue	2013	2012	% Chg As Rpt'd	% Chg CC		
Products (software/hardware)	\$249	\$308	-19%	-19%		
Consulting services Maintenance services	186 152	165 140	13% 9%	14% 10%		
Total services	338	305	11%	12%		
Total revenue	<u>\$587</u>	\$613	-4%	-3%		

For the Three Months Ended March 31

		(in millions)					
			Chg	%			
			As	Chg			
By segment	2013	2012	Rpt'd	CC			
Americas	\$355	\$388	-9%	-8%			
International*	232	225	3%	5%			
Total revenue	\$587	\$613	-4%	-3%			

^{*} For comparable purposes, prior-year amounts have been reclassified to conform to the current-year presentation.

2. Teradata reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP. However, as described below, the company believes that certain non-GAAP measures (such as non-GAAP gross margin, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per diluted share, or EPS, which exclude certain items as well as free cash flow) are useful for investors. Our non-GAAP measures are not meant to be considered in isolation or as substitutes for, or superior to, results determined in accordance with GAAP, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.

Special items included in Teradata's 2013 first quarter GAAP operating income results as reported in this release included \$13 million of stock-based compensation expense; \$12 million of amortization of acquisition-related intangible assets; and \$3 million of acquisition transaction and integration expenses.

In addition to the special items included in Teradata's 2013 first quarter GAAP operating income, Teradata's GAAP net income also included a \$4 million income tax benefit related to the 2012 U.S. Research & Development tax credit. This benefit was included in Teradata's non-GAAP results in the fourth quarter of 2012, since the benefit related to the 2012 tax reporting period. However, Teradata could not include the tax benefit in its GAAP results in the fourth quarter of 2012 due to the American Taxpayer Relief Act of 2012 not being enacted until January 2013. As a result, the \$4 million tax benefit is included in Teradata's first quarter 2013 GAAP net income, but excluded from the company's non-GAAP net income.

The following tables reconcile Teradata's actual and projected results and EPS, under GAAP to the company's actual and projected non-GAAP results and EPS for the periods presented, which exclude certain items. Our management regularly uses supplemental non-GAAP financial measures, such as gross margin, operating income, net income and EPS, excluding certain items internally, to understand, manage and evaluate our business and support operating decisions. The company believes such non-GAAP financial measures (1) provide useful information to investors regarding the underlying business trends and performance of the company's ongoing operations, (2) are useful for period-over-period comparisons of such operations and results, that may be more easily compared to peer companies and allow investors a view of the company's operating results excluding special items, (3) provide useful information to management and

investors regarding present and future business trends, and (4) provide consistency and comparability with past reports and projections of future results.

(a) Gross Margin Reconciliation of GAAP to Non-GAAP Measures

	For the Three Months Ended March 31 (in millions)			
	2013	2012	% chg	
Gross Margin (GAAP) % of Revenue (GAAP)	\$305 52.0%	\$338 55.1%	-10%	
Excluding: Stock-based compensation expense Purchase accounting adjustments Amortization of acquisition-related intangible assets	1 - 7	1 1 4		
Adjusted Gross Margin (non-GAAP)	\$313	\$344	-9%	

53.3%

55.9%

(b) Operating Income Reconciliation of GAAP to Non-GAAP Measures

% of Revenue (non-GAAP)

	End	e Three Mon ed March 3: n millions)	
	2013	2012	% chg
Operating Income (GAAP) % of Revenue (GAAP)	\$76 12.9%	\$127 20.7%	-40%
Excluding: Stock-based compensation expense Purchase accounting adjustments Amortization of acquisition-related intangible assets Transaction, integration and reorganization related costs	13 - 12 3	11 1 7 1	
Adjusted Operating Income (non-GAAP)	\$104	\$147	-29%
% of Revenue (non-GAAP)	17.7%	23.9%	

(c) Net Income Reconciliation of GAAP to Non-GAAP Measures

	For the Three Months Ended March 31 (in millions)			
	2013	2012	% chg	
Net Income (GAAP) % of Revenue (GAAP)	\$59 10.1%	\$91 14.8%	-35%	
Excluding:				
Stock-based compensation expense	8	7		
Amortization of acquisition-related intangible assets	8	4		
Transaction, integration and reorganization related costs	2	1		
R&D tax credit for 2012, enacted in 2013	(4)			
Adjusted Net Income (non-GAAP)	\$73	\$103	-29%	
% of Revenue (non-GAAP)	12.4%	16.7%		

	For the Three Ended Ma		2013
	2013	2012	Guidance
Diluted Earnings Per Share (GAAP)	\$0.35	\$0.53	\$2.64 - \$2.79
Excluding:			
Stock-based compensation expense	\$0.05	\$0.04	\$0.22
Purchase accounting adjustments	-	-	-
Amortization of acquisition-related intangible assets	\$0.05	\$0.02	\$0.16
Transaction, integration and reorganization related costs	\$0.01	\$0.01	\$0.05
2012 R&D Tax Credit, enacted in 2013	(\$0.03)		(\$0.02)
Adjusted Diluted Earnings Per Share (Non-GAAP)	\$0.43	\$0.60	\$3.05 - \$3.20

3. As described above, the company believes that free cash flow is a useful non-GAAP measure for investors. Teradata defines free cash flow as cash provided/used by operating activities less capital expenditures for property and equipment, and additions to capitalized software. Free cash flow does not have a uniform definition under 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 for, among other things, investment in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of the company's stock and repayment of the company's debt obligations, if any. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. This non-GAAP measure is not meant to be considered in isolation, as a substitute for, or superior to, results determined in accordance with GAAP, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.

	Ended I	ree Months March 31 illions)
	2013	2012
Cash provided by operating activities (GAAP)	\$243	\$192
<u>Less</u> capital expenditures for: Expenditures for property and equipment Additions to capitalized software Total capital expenditures	(10) (17) (27)	(12) (18) (30)
Free Cash Flow (non-GAAP measure)(3)	\$216 	\$162

Note to Investors

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, future economic performance and statements concerning analysts' earnings estimates, among other things. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause Teradata's actual results to differ materially. In addition to the factors discussed in this release, other risks and uncertainties could affect our future results, and could cause actual results to differ materially from those expressed in such forward-looking statements. Such factors include those relating to: the global economic environment in general or on the ability of our suppliers to meet their commitments to us, or the timing of purchases by our current and potential customers, and other general economic and business conditions; the rapidly changing and intensely competitive nature of the information technology industry and the data warehousing business, including the increased pressure on price/performance for data warehousing solutions; fluctuations in our operating results, unanticipated delays or accelerations in our sales cycles and the difficulty of accurately estimating revenues; risks inherent in operating in foreign countries, including the impact of economic, political, legal, regulatory, compliance, cultural, foreign currency fluctuations and other conditions abroad; the

timely and successful development, production or acquisition and market acceptance of new and existing products and services, including our ability to accelerate market acceptance of new products and services as well as the reliability, quality and operability of new products because of the difficulty and complexity associated with their testing and production; tax rates; turnover of workforce and the ability to attract and retain skilled employees; availability and successful exploitation of new acquisition and alliance opportunities; our ability to execute integration plans for newly acquired entities, including the possibility that expected synergies and operating efficiencies may not be achieved, that such integration efforts may be more difficult, time-consuming or costly than expected, and that operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; recurring revenue may decline or fail to be renewed; changes in Generally Accepted Accounting Principles (GAAP) and the resulting impact, if any, on the company's accounting policies; continued efforts to establish and maintain best-in-class internal information technology and control systems; and other factors described from time-to-time in the company's filings with the U.S. Securities and Exchange Commission, including its annual report on Form 10-K and subsequent quarterly reports on Forms 10-Q, as well as the company's annual reports to stockholders. The company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



TERADATA CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in millions, except per share amounts)

	For the Period Ended March				
			Three	Months	
	2013		3 2012		% Chg
Revenue	-				
Products	\$	249	\$	308	-19%
Services		338		305	11%
Total revenue		587		613	-4%
Product gross margin		156		205	
% of Revenue		62.7%		66.6%	
Services gross margin		149		133	
% of Revenue		44.1%		43.6%	
Total gross margin		305		338	
% of Revenue		52.0%		55.1%	
Selling, general and administrative expenses		179		165	
Research and development expenses		50		46	
Income from operations		76		127	
% of Revenue		12.9%		20.7%	
Other expense, net		(1)		(1)	
Income before income taxes		75		126	
% of Revenue		12.8%		20.6%	
Income tax expense		16		35	
% Tax rate		21.3%		27.8%	
Net income	\$	59	\$	91	
% of Revenue		10.1%		14.8%	
Net income per common share					
Basic	\$	0.36	\$	0.54	
Diluted	\$	0.35	\$	0.53	
Weighted average common shares outstanding					
Basic		165.4		167.9	
Diluted		168.5		171.6	



TERADATA CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited) (in millions)

<u>Assets</u>	arch 31, 2013			arch 31, 2012
Current assets Cash and cash equivalents Accounts receivable, net Inventories Other current assets	\$ 853 510 65 81	\$	729 668 47 90	\$ 978 499 54 83
Total current assets	1,509		1,534	1,614
Property and equipment, net Capitalized software, net Goodwill Acquired intangible assets Deferred income taxes Other assets	148 179 921 173 25 62		150 173 932 186 29 62	122 145 743 156 16
Total assets	\$ 3,017	\$	3,066	\$ 2,812
Liabilities and stockholders' equity Current liabilities Accounts payable Payroll and benefits liabilities Deferred revenue Other current liabilities Total current liabilities Long-term debt	\$ 111 115 457 100 783 271	\$	141 158 375 132 806 274	\$ 97 111 454 83 745 286
Pension and other postemployment plan liabilities Long-term deferred revenue Deferred tax liabilities Other liabilities	71 32 85 22		73 30 83 21	77 26 20 18
Total liabilities	 1,264		1,287	 1,172
Stockholders' equity Preferred stock Common stock Paid-in capital Treasury Stock Retained earnings Accumulated other comprehensive income	2 920 (901) 1,715 17		2 898 (806) 1,656 29	2 815 (526) 1,328 21
Total stockholders' equity	1,753		1,779	1,640
Total liabilities and stockholders' equity	\$ 3,017	\$	3,066	\$ 2,812



TERADATA CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (in millions)

	For the Period Ended March 31				
		Three I	Months		
	20	013	2012		
Operating activities					
Net income	\$	59	\$	91	
Adjustments to reconcile net income to net cash provided					
by operating activities:					
Depreciation and amortization		34		30	
Stock-based compensation expense		13		11	
Excess tax benefit from stock-based compensation		(3)		(17)	
Deferred income taxes		6		13	
Changes in assets and liabilities:					
Receivables		158		(5)	
Inventories		(18)		7	
Current payables and accrued expenses		(87)		(43)	
Deferred revenue		84		116	
Other assets and liabilities		(3)		(11)	
Net cash provided by operating activities		243		192	
Investing activities					
Expenditures for property and equipment		(10)		(12)	
Additions to capitalized software		(17)		(18)	
Net cash used in investing activities		(27)		(30)	
Financing activities					
Repurchases of common stock		(93)		_	
Repayments of long-term borrowings		(4)		_	
Excess tax benefit from stock-based compensation		3		17	
Other financing activities, net		7		24	
Net cash (used in) provided by financing activities		(87)		41	
Effect of exchange rate changes on cash and cash equivalents		(5)		3	
Increase in cash and cash equivalents		124		206	
Cash and cash equivalents at beginning of period		729		772	
Cash and cash equivalents at end of period	\$	853	\$	978	



TERADATA CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) (in millions)

	For the Period Ended March 31				
	Three Months				
	2013	2012	% Change As Reported	% Change Constant Currency	
Segment Revenue					
Americas	\$ 355	\$ 388	-9%	-8%	
International	232	225	3%	5%	
Total revenue	587	613	-4%	-3%	
Segment gross margin					
Americas	195	232			
% of Revenue	54.9%	59.8%			
International	110	106			
% of Revenue	47.4%	47.1%			
Total gross margin	305	338			
% of Revenue	52.0%	55.1%			
Selling, general and administrative expenses	179	165			
Research and development expenses	50	46			
Income from operations % of Revenue	\$ 76 12.9%	\$ 127			