TERADATA CORP /DE/ Form DEF 14A March 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant "

Check the appropriate box:

" Preliminary Proxy Statement

" Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

- x Definitive Proxy Statement
- " Definitive Additional Materials
- " Soliciting Material Pursuant to Section 240.14a-12

Teradata Corporation

(Name of Registrant as Specified In Its Charter)

 $(Name\ of\ Person(s)\ Filing\ Proxy\ Statement,\ if\ other\ than\ the\ Registrant)$

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- " Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
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Fee p	paid previously with preliminary materials.
	ck box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

NOTICE OF 2015 ANNUAL MEETING

AND PROXY STATEMENT

March 5, 2015

Dear Fellow Teradata Corporation Stockholder:

I am pleased to invite you to attend Teradata s 2015 Annual Meeting of Stockholders on April 28, 2015. The meeting will begin promptly at 8:00 a.m. local time at The Westin Buckhead Atlanta, Arden Boardroom, 4th Floor, 3391 Peachtree Road NE, Atlanta, Georgia 30326.

This proxy statement, which also includes a notice of the 2015 annual meeting, tells you more about the agenda and procedures for the meeting. It also describes how the Board of Directors operates and gives information about our director candidates and general compensation and corporate governance matters.

To conserve natural resources and to reduce the costs of printing and distributing our proxy materials (which include this proxy statement, our 2014 annual report and form of proxy and voting instruction card), we are delivering these materials to stockholders via the Internet. As permitted under U.S. Securities and Exchange Commission (SEC) rules, most of our stockholders receive a mailing containing only a notice of the 2015 annual meeting (Notice of Internet Availability of Proxy Materials) instead of paper copies of our proxy materials. The notice will include instructions on how to access these documents over the Internet, as well as instructions on how stockholders receiving this notice can request paper copies of our proxy materials if desired. Stockholders who do not receive the notice-only mailing will receive either paper copies of the proxy materials by mail or electronically-available materials as permitted under applicable SEC rules and Delaware law.

Michael Koehler, Teradata s Chief Executive Officer, and I look forward to seeing you at the annual meeting. If you plan to attend, please send an email to investor.relations@teradata.com to receive a meeting reservation request form.

Your vote is important. Whether or not you plan to attend the annual meeting, I urge you to authorize your proxy as soon as possible so that your stock may be represented at the meeting.

Sincerely,

James M. Ringler Chairman of the Board

TERADATA CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME
8:00 a.m. local time
DATE
Tuesday, April 28, 2015
PLACE
The Westin Buckhead Atlanta, Arden Boardroom, 4th Floor
3391 Peachtree Road NE, Atlanta, Georgia 30326
PURPOSE
Elect Ms. Bacus and Messrs. Koehler, Ringler and Schwarz to serve as Class II directors for three-year terms expiring at the 2018 annual meeting of stockholders and to hold office until their respective successors are duly elected and qualified; Advisory (non-binding) vote to approve executive compensation (a say-on-pay vote); Vote on the ratification of the appointment of our independent registered public accounting firm for 2015; and Transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting by or a the direction of the Board of Directors. OTHER IMPORTANT INFORMATION
Record holders of Teradata common stock at the close of business on February 27, 2015, may vote at the meeting.

Your shares cannot be voted unless they are represented by proxy or in person by the record holder at the meeting. Even if you plan to attend the meeting, please submit a proxy to ensure that your shares are represented at the meeting.

INTERNET AVAILABILITY

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Meeting of Stockholders to Be Held on April 28, 2015: This notice of 2015 annual meeting of stockholders and proxy statement, our 2014 annual report and form of proxy and voting instruction card are available at http://www.proxyvote.com.

Laura Nyquist General Counsel and Secretary

March 5, 2015

10000 Innovation Drive

Dayton, OH 45342

PROXY STATEMENT

General Information

On behalf of the Board of Directors of Teradata Corporation, a Delaware corporation (Teradata , the Company , we or us), we are requesting you proxy for the 2015 annual meeting of stockholders and any adjournments or postponements that follow. The meeting will be held at 8:00 a.m. local time, on April 28, 2015, at The Westin Buckhead Atlanta, 3391 Peachtree Road NE, Arden Boardroom, 4th Floor, Atlanta, Georgia 30326. At the meeting, we will: (1) consider the election of Ms. Bacus and Messrs. Koehler, Ringler and Schwarz as Class II directors for three-year terms expiring in 2018; (2) vote on an advisory (non-binding) basis to approve executive compensation as disclosed in this proxy statement (a say-on-pay vote); (3) vote on the ratification of the appointment of our independent registered public accounting firm for 2015; and (4) transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

This proxy statement contains information about the 2015 annual meeting, as well as information regarding the voting process, director elections, our corporate governance programs, and executive and director compensation, among other things. We are furnishing this proxy statement together with our 2014 annual report and form of proxy and voting instruction card (proxy card). Proxy materials for the 2015 annual meeting of stockholders are being made available in printed form on or about March 17, 2015. They will be available online on or about March 18, 2015.

YOUR VOTE IS IMPORTANT!

Whether or not you plan to attend the annual meeting, please vote your shares as soon as possible by phone, Internet, or mail if you are receiving paper proxy materials. By using the Internet or phone voting methods, you help us reduce costs and respect the environment. Both are fast, convenient, and environmentally-friendly.

If you are a stockholder of record (i.e., you directly hold your common stock through an account with our transfer agent, Computershare Investor Services), you can vote your shares using one of the following three methods. If you are a beneficial owner (i.e., you indirectly hold your common stock through a nominee such as a bank or broker), you can vote your shares using the methods provided by your nominee.

VOTE BY INTERNET VOTE BY PHONE VOTE BY MAIL

http://www.proxyvote.com 1-800-690-6903 Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717

Use the Internet to transmit your voting instructions and for electronic delivery of information.

Use any touch-tone telephone to transmit your voting instructions.

If you receive paper proxy materials, mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to the address shown above.

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Who may vote at the meeting?

Only stockholders of record may vote at the meeting. A stockholder of record is a stockholder as of the close of business on February 27, 2015, the record date for the meeting. On the record date, there were 145,149,921 shares of common stock outstanding.

How many votes do I have?

For each share of common stock you own, you are entitled to cast one vote on each director candidate submitted for election and to cast one vote on each other matter properly brought before the meeting.

When will I receive my proxy materials?

Proxy materials for the 2015 annual meeting of stockholders are being made available in printed form on or about March 17, 2015. They will be available online on or about March 18, 2015.

How do I access my proxy materials?

Notice and Access. Proxy materials (including our 2014 annual report, notice of the 2015 annual meeting of stockholders and proxy statement, and proxy card) are being made available via the Internet pursuant to the SEC s notice and access rules. A Notice of Internet Availability of Proxy Materials (Notice) is being mailed to most of our record and beneficial stockholders. The Notice includes instructions on how to access the proxy materials on the Internet or request printed copies of these materials. To receive future proxy materials by mail or email, follow the instructions included with the Notice. If you previously elected to receive materials via mail or email delivery, you will not receive the Notice, but you will receive your materials via the delivery method you requested.

<u>Electronic Delivery</u>. At their request, many stockholders are receiving an email providing them with links to receive the Notice and Internet access to the proxy materials rather than receiving a printed copy of the Notice or printed proxy materials.

<u>Paper Copies</u>. If you have previously requested paper copies of your proxy materials, or are otherwise required to receive paper copies, you will receive the 2015 proxy materials, including notice of the meeting, in printed form unless you consent to receive these documents electronically in the future.

How do I receive Teradata s proxy materials electronically?

If you are a stockholder of record (*i.e.*, you directly own your common stock through an account with our transfer agent, Computershare Investor Services), you can choose to access your proxy materials electronically and save the cost of producing and mailing a Notice and other documents by following the instructions provided at http://www.investordelivery.com or by following the prompt if you choose to authorize your proxy over the Internet. You must provide your twelve-digit control number listed on your Notice or proxy card to make this election.

Your election to receive proxy materials by electronic access will remain in effect until you revoke your consent at http://www.proxyvote.com, or your consent is deemed to be revoked under applicable law. You must provide your twelve-digit control number to revoke your consent.

If you are a beneficial owner (*i.e.*, you indirectly hold your common stock through a nominee such as a bank or broker), please review the information provided by your nominee for instructions on how to elect to view future proxy statements and annual reports over the Internet.

Please keep in mind that choosing electronic delivery saves the Company and its stockholders money and preserves natural resources.

How do I obtain a separate set of proxy materials?

To save costs, only one set of proxy materials is being printed and mailed to stockholders who have requested printed copies and share an address, unless otherwise requested or required under applicable law. If you have multiple Teradata common stock record accounts and/or share an address with a family member who is a Teradata stockholder and want to receive more than one copy of the Notice and/or proxy materials, you may contact our mailing agent, Broadridge Financial Solutions, at Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York, 11717 (phone: 1-800-542-1061). Broadridge will remove you from the householding program within thirty days after receipt of this request and will mail you a separate copy of the proxy materials.

How can I vote my shares of Teradata common stock?

Your vote is important. Your shares can be voted at the annual meeting only if you are a record stockholder and present in person or represented by proxy. Even if you plan to attend the meeting, we urge you to authorize your proxy in advance. You may vote your shares by authorizing a proxy over the Internet or by telephone. In addition, if you received paper copies of the proxy materials by mail, you can also submit a proxy by mail by following the instructions on the proxy card. Voting your shares by authorizing a proxy over the Internet, by telephone or by written proxy card will ensure your representation at the annual meeting regardless of whether you attend in person.

If you are a stockholder of record, please authorize your proxy electronically by going to the http://www.proxyvote.com website or by calling the toll-free number (for residents of the United States and Canada) listed on your Notice and proxy card. Please have your Notice or proxy card in hand when going online or calling. If you authorize your proxy via the Internet, you do not need to return your proxy card. If you choose to authorize your proxy by mail, simply mark your proxy card, and then date, sign and return it in the postage-paid envelope provided.

If you hold your shares beneficially through a nominee (such as a bank or broker), you may be able to authorize your proxy by telephone or the Internet as well as by mail. You should follow the instructions you receive from your nominee to vote these shares.

How do I revoke my proxy for the annual meeting?

You may revoke your proxy at any time before it is voted at the meeting by:

properly executing and delivering a later-dated proxy (including a telephone or Internet proxy authorization);

voting by ballot at the meeting; or

sending a written notice of revocation to the inspectors of election in care of our Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342.

What if I want to vote in person at the annual meeting?

The method by which you vote and authorize your proxy will in no way limit your voting rights if you later decide to vote in person at the meeting. If you beneficially own your shares through a nominee (such as a bank or broker), you must obtain a proxy executed in your favor from your nominee to be able to vote at the meeting.

What are the requirements for ensuring that my shares are voted by proxy at the annual meeting?

Your shares will be voted at the meeting as directed by the instructions on your proxy card, voting instructions or electronic proxy if (1) you are entitled to vote, (2) your proxy was properly executed or

properly authorized electronically, (3) we received your proxy prior to the voting deadlines for the annual meeting (April 27, 2015 at 11:59 p.m. for record stockholders who do not vote at the meeting, such time as directed by the nominee for beneficial owners, and April 23, 2015 for participants in our 401(k) savings plan), and (4) you did not revoke your proxy prior to or at the meeting.

How do I vote the shares I hold in the Teradata 401(k) savings plan?

If you are a participant in the Teradata 401(k) savings plan, your proxy includes the number of Teradata common stock units (share interests) allocated to your plan account. You may instruct the trustee how to vote the number of share interests allocated to your plan account. The trustee will vote the share interests allocated to your plan account in accordance with your instructions. If you do not vote your share interests in the Teradata 401(k) savings plan, the trustee will vote the unallocated share interests, as well as any allocated share interests held by the plan, in the same proportion as the share interests for which it received timely voting instructions.

What is considered a quorum to conduct the annual meeting?

To have a quorum necessary to conduct business at the meeting, it is necessary to have shares that represent (in person or by proxy) the holders of a majority of our shares of common stock outstanding on the record date, which is the close of business on February 27, 2015. Shares of common stock represented in person or by proxy (including shares that abstain with respect to a particular proposal to be voted upon and broker non-votes) will be counted as present for the purpose of determining whether a quorum exists at the meeting for that proposal. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

How many votes are required to approve each item?

With respect to Proposal 1 (the election of directors), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on the election of directors is required to elect each director.

With respect to Proposal 2 (the advisory say-on-pay vote on executive compensation), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such question is required to adopt this advisory resolution in accordance with Teradata s bylaws. However, the results of this vote are not binding on the board, whether or not any resolution is passed under this voting standard.

With respect to Proposal 3 (the ratification of the appointment of the Company s independent auditors), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such item of business is required to ratify the appointment.

Abstentions effectively count as votes against the adoption of a proposal and the election of a director. Moreover, if you do not instruct your nominee (such as your bank or broker) how to vote your shares with respect to the election of directors or the advisory vote on executive compensation, the nominee may not vote on these proposals. However, broker non-votes will have no effect on the outcome of the vote for any proposal or the election of any director. Broker non-votes occur when a nominee returns a properly executed proxy but does not vote on a particular item because the nominee has not received voting instructions from the beneficial owner and, therefore, does not have the authority to vote on a proposal.

How does the board recommend that I vote my shares?

The Teradata Board of Directors recommends that you vote:

FOR the election of each of the four Class II director nominees, Ms. Bacus and Messrs. Koehler, Ringler and Schwarz (see page 6);

FOR the approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement (see page 58); and

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015 (see page 59).

If you submit your proxy without specific voting instructions, your shares represented by that proxy will be voted as recommended by our board. As discussed above, if you hold your shares beneficially through a nominee (such as a bank or a broker) and fail to provide specific voting instructions to that nominee, your shares will not be voted in the election of directors or the advisory say-on-pay vote on executive compensation.

What do I need to do if I want to attend the annual meeting?

If you plan to attend the meeting in person, please send an email to us at investor.relations@teradata.com to request a meeting reservation request form. You may attend the meeting if you are a stockholder of record, hold a proxy for a stockholder of record, or are a beneficial owner of our common stock with evidence of ownership. If you are a beneficial owner (i.e., you hold your common stock through a nominee such as a bank or broker), please include evidence of your ownership of common stock with the form (such as an account statement showing you own Teradata common stock as of the record date). If you do not have a reservation for the meeting, you may still attend if we can verify your stock ownership at the meeting.

We will include the results of the votes taken at the meeting in a Form 8-K filed with the SEC within four business days after the date of the annual meeting or any adjournment or postponement thereof. You may also find information on how to obtain a transcript of the meeting by writing to our Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342.

ELECTION OF DIRECTORS

(Item 1 on Proxy Card)

The Board of Directors is currently divided into three classes. Directors are elected by stockholders for terms of three years and hold office until their successors are elected and qualified. One of the three classes is elected each year to succeed the directors whose terms are expiring. As of the 2015 annual meeting, the terms for the directors in Classes I, II and III of the Board of Directors expire in 2015, 2016 and 2017, respectively.

Ms. Bacus and Messrs. Koehler, Ringler and Schwarz currently are Class II directors whose terms are expiring at the 2015 annual meeting and, for the reasons described below, each has been nominated by the board for re-election through the 2018 annual meeting of stockholders and until his or her successor is elected and qualified.

Proxies solicited by the board will be voted for the election of the nominees, unless you provide a contrary instruction on your proxy. Each of the nominees has indicated his or her willingness to serve if elected. The board has no reason to believe that these nominees will be unable to serve. However, if one of them should become unavailable, the board may reduce the size of the board or designate a substitute nominee. If the board designates a substitute, shares represented by proxies will be voted for the substitute nominee.

The Board of Directors recommends that you vote FOR the election of each of the Class II nominees as a director. Election of each nominee requires the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such item. If a nominee does not receive a majority vote, he or she is required to tender his or her resignation for consideration by the disinterested members of the Board of Directors in accordance with the board s Corporate Governance Guidelines as described on pages 11 to 12 of this proxy statement. Proxies solicited by the Board of Directors will be voted FOR each nominee, unless you specify otherwise in your proxy.

Director Qualifications

Our Board of Directors consists of eleven members who we believe are well-qualified to serve on the board and represent our stockholders best interests. As described below under the caption Selection of Nominees for Directors, the board and its Committee on Directors and Governance (the Governance Committee) select nominees with a view to establishing a Board of Directors that is comprised of members who:

have extensive business leadership experience,
bring diverse perspectives to the board,
are independent and collegial,
have high ethical standards as well as sound business judgment and acumen, and

understand and are willing to shoulder the time commitment necessary for the board to effectively fulfill its responsibilities. We believe that each of the director nominees and other directors bring these qualifications to our Board of Directors. Moreover, they provide our board with a diverse complement of specific business skills, experience and perspectives, including: extensive financial and accounting expertise, public-company board experience, knowledge of the technology and software industries and of Teradata s

business, experience with companies with a global presence and those that have high-growth strategies, and extensive operational and strategic planning experience in complex, global companies. In addition, the board believes that each of the director nominees and other directors has demonstrated outstanding achievement in his or her professional career, relevant experience, personal and professional integrity, ability to make independent, analytical inquiries, and willingness and ability to devote adequate time to board duties. The following describes the key qualifications, business skills, experience and perspectives that each of our directors brings to the Board of Directors, in addition to the general qualifications described above and information included in the biographical summaries provided below for each director. Based on all of these qualifications, the board believes that the directors and nominees have the appropriate set of skills to serve as members of the board.

Director	Key Qualifications
James M. Ringler	Experience as the chief executive officer and chairman of the board of publicly-held, global companies, extensive experience on public company boards, an in-depth knowledge of the Company s business, strategy and management team
Lisa R. Bacus	Deep marketing expertise with focus on strategic planning and data analytics and knowledge of digital marketing strategies, experience as senior executive of large global companies, and gender and ethnic (Hispanic) diversity
Edward P. Boykin	Knowledge of the Company and the IT industry, leadership experience as the chief operations officer of a global computer services company with operational expertise in consummating mergers and acquisitions, financial acumen, and audit committee experience
Nancy E. Cooper	Financial expertise, experience as the chief financial officer of a global, publicly-traded company in the software technology industry, a strong ethics and compliance focus, gender diversity, and audit committee experience
Cary T. Fu	Experience as the chief executive officer and chairman of the board of a global high-technology company, financial expertise and experience as a chief financial officer and certified public accountant, experience co-founding and leading a high-growth business organization, and diverse perspective given Taiwanese heritage and years of experience in Asia
Michael P. Gianoni	Experience as the president and chief executive officer of a global, publicly-traded technology company with strong leadership skills and a proven track record driving financial performance improvement
David E. Kepler	Experience as the chief information officer of a complex, global company with additional responsibility for corporate sustainability initiatives, risk management and business services operations, financial expertise, and a recognized leader in the area of cyber-security
Michael Koehler	Service as the Chief Executive Officer of the Company with extensive knowledge of, and experience with, the software industry and the Company s operations, strategy and financial position and experience as a director of another global, publicly-traded company

Director	Key Qualifications
Victor L. Lund	Financial expertise, experience as the chief financial officer and chief executive officer of a large business with a high-growth model, extensive public-company board experience, particularly on audit committees, and knowledge of the Company and technology industry through board service
John G. Schwarz	Extensive experience within the software and technology industries as the chief executive officer and director of a global high-technology company, operational and strategic planning experience leading a business organization that experienced high growth through acquisitions and organic growth strategies, and broad global experience and perspective
William S. Stavropoulos	Distinguished career with extensive public-company board experience, leadership experience as a former chief executive officer and chairman of a major, global company business and strategic acumen, and knowledge of the Company

NOMINEES

Class II Current Terms Expiring in 2015:

James M. Ringler, 69, was named Chairman of the Board of Teradata in September 2007. Mr. Ringler previously served as Chairman of the Board of NCR Corporation from July 25, 2005 to September 2007. From March 2005 to August 2005, Mr. Ringler served as NCR s President and Interim Chief Executive Officer, during which time he oversaw the Teradata Division of NCR, among other things, and worked with a number of the members of Teradata s current Leadership Team. He served as Vice Chairman of Illinois Tool Works Inc., a multi-billion dollar diversified manufacturer of highly engineered components and industrial systems, from 1999 until he retired in 2004. Prior to joining Illinois Tool Works, from 1997 to 1999, Mr. Ringler was Chairman of Premark International, Inc. He also served as Premark s Chief Executive Officer from 1995 to 1999 when it merged with Illinois Tool Works. Mr. Ringler serves as a director of Autoliv, Inc., The Dow Chemical Company (Dow), FMC Technologies, Inc., and John Bean Technologies Corporation and served on the board of Ingredion Incorporated (formerly Corn Products International, Inc.) from 2002 until May 2014. He joined our board on September 6, 2007.

Lisa R. Bacus, 50, is the Executive Vice President and Global Chief Marketing Officer of Cigna Corporation (Cigna), a global health care products and services company. Prior to joining Cigna, Ms. Bacus was the Executive Vice President and Chief Marketer at American Family Insurance Group, a personal and commercial property and casualty insurance company, from February 2011 until May 2013, and its Vice President, Marketing, from 2008 to 2011. Before joining American Family Insurance, she held a number of marketing management positions with increasing responsibility at the Ford Motor Company from 1986 to 2008. She has served on the board of Shoutlet, Inc., a provider of enterprise social media management software, and currently serves on the board of another privately-held company and a number of non-profit boards. Ms. Bacus joined our board on January 27, 2015.

Michael F. Koehler, 62, is Chief Executive Officer of Teradata and from 2007 until February 27, 2015, also served as President of the Company. Previously, Mr. Koehler served as Senior Vice President, Teradata Division of NCR Corporation from 2003 to 2007. From September 2002 until March 2003, he was the Interim Teradata Division Leader, Teradata Division. From 1999 to 2002, Mr. Koehler was Vice President, Global Field Operations, Teradata Division, and held management positions of increasingly greater responsibility at NCR prior to that time. He serves as a director of Hertz Global Holdings, Inc. and its subsidiary, Hertz Corporation. He joined our board in August 2007.

John G. Schwarz, 64, is the founder and Chief Executive Officer of Visier Inc., a business analytics software firm, a position he has held since April 2010. Previously, he served as Chief Executive Officer of SAP Business Objects, a unit of SAP AG, from January 2008 to February 2010, during which time he was a member of the executive board of SAP AG and also served on the board of directors of SAP Business Objects. From September 2005 until its acquisition by SAP AG in January 2008, he served as Chief Executive Officer of Business Objects S.A., a provider of business intelligence software and services. Mr. Schwarz served as President and Chief Operating Officer of Symantec Corporation, a provider of infrastructure security and storage management software, from December 2001 to September 2005. From January 2000 to November 2001, he served as President and Chief Executive Officer of Reciprocal Inc., which provided business-to-business secure e-commerce services for digital content distribution over the Internet. Prior to joining Reciprocal, Mr. Schwarz spent 25 years at IBM Corporation with his last position being General Manager of IBM s Industry Solutions unit, a worldwide organization focused on building business applications and related services for IBM s large industry customers. Mr. Schwarz serves as a director of Synopsys, Inc., and Avast Software, and served as a director of SuccessFactors, Inc. from September 2010 until June 2011. He is also a member of the Dalhousie University Advisory Board. He joined our board on September 20, 2010.

Other Directors

Class I Current Terms Expiring in 2017:

Nancy E. Cooper, 61, served as the Executive Vice President and Chief Financial Officer of CA Technologies (CA), an IT management software provider, from August 2006 until her retirement in May 2011. She joined CA in August 2006 with nearly 30 years of finance experience. From 2001 until that time, Ms. Cooper served as Chief Financial Officer for IMS Health Incorporated, the world's leading provider of market intelligence to the pharmaceutical and healthcare industries. Prior to joining IMS Health, she was the Chief Financial Officer of Reciprocal, Inc., a leading digital rights management and consulting firm. In 1998, she served as a partner responsible for finance and administration at General Atlantic Partners, a private equity firm focused on software and services investments. Ms. Cooper began her career at IBM Corporation where she held increasingly important roles over a 22-year period that focused on technology strategy and financial management. She serves as a director of The Mosaic Company, The Guardian Life Insurance Company of America and Brunswick Corporation and served on the board of directors of R.H. Donnelley Corporation from 2003 until 2009. She also serves as a trustee to the Anita Borg Institute for Women and Technology. Ms. Cooper joined our board on August 1, 2009.

David E. Kepler, 62, served as the Executive Vice President, Chief Sustainability Officer and Chief Information Officer (CIO) of Dow from 2008 until his retirement in December 2014. Mr. Kepler joined Dow in 1975. He was appointed Vice President and CIO of Dow in 1998 and Corporate Vice President in 2001. At Dow, Mr. Kepler assumed responsibility for Business Services in 2004, was appointed Senior Vice President in 2006, with added responsibilities for the company s sustainability initiatives, and appointed Executive Vice President in February 2008. He also serves on the board of directors of TD Bank Group and Autoliv, Inc. Mr. Kepler is appointed to the U.S. National Infrastructure Advisory Council that advises the President on the protection of critical infrastructure and homeland security issues. Mr. Kepler also serves as a trustee of the University of California Berkeley and is the board chairman of the Mid-Michigan Innovation Center. He joined our board on November 1, 2007.

William S. Stavropoulos, 75, retired as director and Chairman of the Board of Dow on April 1, 2006. He had served in such capacity since November 2000. Mr. Stavropoulos was the President and Chief Executive Officer of Dow from 1995 to 2000 and was Chairman of the Board, President and Chief Executive Officer from 2002 to November 2004. He is the non-executive chairman of Univar, Inc., a global distributor of commodity and specialty chemicals. In addition, he is on the

advisory boards for Metalmark Capital LLC, a private equity investment firm, and Maersk Inc., and is a trustee of the Fidelity Equity and High Income Funds. He also serves as a special advisor to Clayton, Dubilier & Rice, Inc., a private equity investment firm, is the president and founder of the Michigan Baseball Foundation, and serves as a trustee of the Rollin M. Gerstacker Foundation. Mr. Stavropoulos joined our board on September 6, 2007.

Class III Current Terms Expiring in 2016:

Edward P. Boykin, 76, retired as the President and Chief Operating Officer of Computer Sciences Corporation (CSC), an information technology services company he joined in 1966, in June 2003. He had served in that capacity since July 2001. From 1998 to 2001, he held a number of senior management positions at CSC, including group president of its Financial Services Group from 1999 to 2001 and vice president of its Technology Management Group from 1998 to 1999. Mr. Boykin also serves on the board of directors of NCR Corporation and as Non-Executive Chairman of the Board of Engility Corporation, a government services company. He was Chairman of the Board of Capital TEN Acquisition Corp. from October 2007 to May 2008, and was a director of PlusOne Solutions, Inc. from October 2008 to October 2009. He joined our board on September 6, 2007.

Cary T. Fu, 66, is the co-founder of Benchmark Electronics, Inc. (Benchmark), a publicly-held electronics manufacturing services provider. He served as Chairman of the Board of Benchmark from 2009 until his retirement in December 2012 and had been a director of Benchmark since 1990. In December 2011, Mr. Fu retired as Benchmark s Chief Executive Officer, a position he held since September 2004. Prior to becoming Chief Executive Officer of Benchmark, he served as its President and Chief Operating Officer from May 2001 to September 2004, Executive Vice President from 1992 to 2001, and Executive Vice President, Financial Administration, from 1990 to 1992. He also serves on the board of directors of Littelfuse, Inc., and is a certified public accountant. He joined our board on July 29, 2008.

Michael P. Gianoni, 54, is the President and Chief Executive Officer of Blackbaud, Inc., a provider of software and services specifically designed for nonprofit organizations, a position he has held since joining the company in January 2014. Previously, Mr. Gianoni was the Executive Vice President and Group President, Financial Institutions, at Fiserv, Inc. (Fiserv), a global technology provider serving the financial services industry, from January 2010 to December 2013. He joined Fiserv as President of its Investment Services division in December 2007, where he was responsible for product, technology, sales, finance, operations, and strategy. From 2006 until its acquisition by Fiserv, Mr. Gianoni was Executive Vice President and General Manager of CheckFree Corporation, a leading provider of financial e-commerce solutions. Prior to that time, he held a number of senior management positions at DST Systems Inc., an information processing and software services company. Mr. Gianoni serves as a director of Blackbaud and joined our board on January 27, 2015.

Victor L. Lund, 67, served as the non-executive Chairman of the Board of DemandTec, Inc., a publicly-held, on-demand applications company, from December 2006 until February 2012, and was a member of its board from April 2005 until that time. Mr. Lund served as Chairman of the Board of American Stores Company from 1995 until its acquisition by Albertson s, Inc. in June 1999 and as Chief Executive Officer of American Stores Company from 1992 until 1999. From 1999 until 2002, he served as Vice Chairman of Albertson s. In the last five years, Mr. Lund has served on the board of Del Monte Foods Company. Prior to joining American Stores Company in 1977, Mr. Lund was a practicing certified public accountant. He also currently serves on the board of directors of Service Corporation International. He joined our board on September 6, 2007.

No family relationship exists among any of the directors, nominees or executive officers. No arrangement or understanding exists between any director, nominee, or executive officer and any other person pursuant to which any director, nominee or executive officer was selected as a director, nominee or executive officer of the Company.

ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS

The Board of Directors oversees the overall performance of the Company on your behalf. Members of the board stay informed of our business by participating in regularly scheduled board and committee meetings, through discussions with the Chief Executive Officer and other members of management and staff, and by reviewing other materials provided to them.

Corporate Governance

Our Board of Directors is elected by the stockholders to govern our business and affairs. The board selects the senior management team, which is charged with conducting our business. Having selected the senior management team, the board acts as an advisor to senior management and monitors its performance. The board reviews our strategies, financial objectives, operating plans, major risks, and plans for mitigating such risks. It also plans for management succession of the Chief Executive Officer, as well as other senior management positions, and oversees our compliance efforts.

Corporate Governance Guidelines

To help discharge its responsibilities, the Board of Directors has adopted Corporate Governance Guidelines on significant corporate governance issues. These guidelines address, among other things, such matters as director independence, committee membership and structure, meetings and executive sessions, and director selection, retirement, and training. The board s Corporate Governance Guidelines, which were updated in April 2014, are found on our corporate governance website at http://www.teradata.com/governance-guidelines. The board s independent directors meet regularly in executive session without management present and, as provided in the Corporate Governance Guidelines, the Board of Directors has selected the Chairman of the Board, who is an independent director, to preside at its executive sessions during 2015.

Board Independence and Related Transactions

We believe that the Company benefits from having a strong and independent board. For a director to be considered independent, the board must determine that the director does not have any direct or indirect material relationship with the Company that would affect his or her exercise of independent judgment. The Board of Directors has established independence standards as part of its Corporate Governance Guidelines. In general, the board must determine whether a director is considered independent, taking into account the independence guidelines of the New York Stock Exchange (NYSE) and the factors listed immediately following this paragraph (which are included as Exhibit B, Director Independence Standards, to the board s Corporate Governance Guidelines referenced above) in addition to those other factors it may deem relevant. No director may qualify as independent unless the board affirmatively determines (i) under the NYSE listing standards, that he or she has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us), and (ii) under our independence standards, that the director or director candidate does not have any direct or indirect material relationship with us. Our independence standards include the following minimum criteria:

- 1. A director will not be independent if:
 - (i) at any time during the last three years, he or she has been an employee of Teradata, or an immediate family member of the director has been an executive officer of Teradata:
 - (ii) he or she has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than \$120,000 in direct

compensation from Teradata, other than certain limited circumstances, including: (a) compensation and other fees paid for service as a director, or (b) compensation received by an immediate family member for service as an employee of Teradata (other than as an executive officer):

- (iii) he or she has certain relationships with any firm that serves as Teradata s internal or external auditor, including (a) the director is a current partner or employee of such firm; (b) the director has an immediate family member who is a current partner of such firm; (c) the director has an immediate family member who is a current employee of such firm and personally works on Teradata s audit; or (d) the director or an immediate family member of the director was within the last three years a partner or employee of such a firm and personally worked on Teradata s audit within that time;
- (iv) at any time within the past three years, the director or his or her immediate family member has been employed as an executive officer of another company where any of Teradata s present executive officers at the same time serves or served on that company s compensation committee; or
- (v) he or she is a current employee, or an immediate family member of the director is a current executive officer, of a company that has made payments to, or received payments from, Teradata for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company s consolidated gross revenues (in each case, as reported in the other company s last completed fiscal year).
- 2. A director will not be independent if he or she is an employee, or any member of the director s immediate family is an executive officer, of a company which is indebted to Teradata or to which Teradata is indebted, and the total amount of the indebtedness exceeds the greater of \$1,000,000 or 2% of the consolidated annual gross revenues of either company.
- 3. A director will not be independent if he or she or any member of the director s immediate family is an officer, director or trustee of a charitable or other tax-exempt organization, and donations by Teradata during any single fiscal year to the charitable or other tax-exempt organization within the last three years exceeds the greater of \$1,000,000 or 2% of the organization s consolidated annual gross revenues.
- 4. A relationship arising solely from a director s interest in another company or similar entity that is party to a transaction with Teradata will not be considered to be a material relationship with Teradata that would impair the director s independence if: (i) such interest arises only from: (a) the director s position as a director, trustee or similar position of such other company or entity, and/or (b) the direct or indirect ownership by the director and the director s immediate family members, in the aggregate, is less than 10% of the equity or similar ownership interest in such other company or entity, and (ii) the director is not involved in the negotiation of the terms of the transaction with Teradata and does not receive any special benefits as the result of the transaction.

The board s independence standards also provide for additional criteria for members of the Audit and Compensation and Human Resource Committees as required under applicable NYSE rules.

Our Board of Directors has affirmatively determined that all of our non-employee directors and nominees, namely Mses. Bacus and Cooper, and Messrs. Boykin, Fu, Gianoni, Kepler, Lund, Ringler, Schwarz, and Stavropoulos, meet the NYSE listing independence standards and our independence standards for the board and the committees on which they serve. In making this determination, the board considered transactions in 2013 and 2014 pursuant to which Dow purchased data analytic products and related professional services from Teradata with sales attributed to such purchases significantly below 2% of the annual revenues of either company, and Dow s minority ownership of stock in Rainstor, Inc., which sold substantially all of its assets to Teradata in 2014. In both cases, the

board concluded that Mr. Kepler s relationship as an officer of Dow does not disqualify him from being deemed independent under these standards. The board also considered a transaction in 2014 pursuant to which Teradata purchased all of the outstanding stock in Think Big Analytics, Inc., a company in which Mr. Lund s son held a minority investment. The board concluded that Mr. Lund did not have a material interest in the transaction and that his relationship does not disqualify him from being deemed independent under these standards. The board also considered transactions in 2013 and 2014 pursuant to which Cigna and its affiliate purchased data warehouse products and related services from Teradata, and Teradata purchased employee benefit program services, with aggregate sales attributed to such purchases significantly below 2% of the annual revenues of either company. The board concluded that Ms. Bacus relationship as an officer of Cigna does not disqualify her from being deemed independent under these standards. There were no other transactions, relationships or arrangements in fiscal year 2014 that required review by the board for purposes of determining director independence.

Board Leadership Structure

While our Corporate Governance Guidelines do not require that our Chairman and Chief Executive Officer positions be separate, our board believes that having separate positions and having an independent director serve as Chairman is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance. Our board is led by an independent Chairman, Mr. Ringler. Our Chief Executive Officer, Mr. Koehler, is the only member of the board who is not an independent director. We believe that this leadership structure enhances the accountability of the Chief Executive Officer to the board, strengthens the board s independence from management and benefits independent risk oversight of the Company s day-to-day risk management activities. In addition, separating these roles allows Mr. Koehler to focus his efforts on running our business and managing the Company in the best interests of our stockholders, while we are able to benefit from Mr. Ringler s prior experience as a chairman of other public company boards.

Board Oversight of Risk

Management is responsible for the Company s day-to-day risk management activities, and our board s role is to engage in informed risk oversight. In fulfilling this oversight role, our Board of Directors focuses on understanding the nature of our enterprise risks, including our operations and strategic direction, as well as the adequacy of our risk management process and overall risk management system. The board s committee structure and the collective knowledge and experience of its members promotes a broad perspective, open dialogue and useful insights regarding risk, thereby increasing the effectiveness of the board s role in risk oversight. There are a number of ways our board performs this function, including the following:

at its regularly scheduled meetings, the board receives management updates on our business operations, financial results, and strategy and discusses risks related to the business;

the Audit Committee assists the board in its oversight of risk management by overseeing the Company s enterprise risk management process and discussing with management, particularly, the Chief Financial Officer, Vice President, Enterprise Risk and Assurance Services, and Chief Ethics and Compliance Officer, the Company s guidelines and policies regarding financial and enterprise risk management and risk appetite, including (i) major risk exposures, and the steps management has taken to monitor and control such exposures, (ii) internal audit and ethics and compliance updates, as well as whistleblower updates, if any, and (iii) reports concerning particular risk contingencies such as fraud, cyber-security, and data and privacy protection; and

through management updates and committee reports, the board monitors our risk management activities, including the enterprise risk management process, risks relating to our compensation programs, and financial and operational risks being managed by the Company.

Compensation Risk Assessment

Based on an analysis conducted by management and reviewed by the Compensation and Human Resource Committee, as well as our Audit Committee, we do not believe that our compensation programs for employees are reasonably likely to have a material adverse effect on the Company.

Executive Management Succession Planning

The Board of Directors has in place an effective planning process to assess successors to the Chief Executive Officer and other members of executive management. The Compensation and Human Resource Committee, in consultation with the Chief Executive Officer, annually reports to the board on management succession planning. The entire board works with the Compensation and Human Resource Committee and the Chief Executive Officer to evaluate potential successors to the Chief Executive Officer and other members of executive management on a planned and unplanned basis. The Chief Executive Officer annually provides to the Compensation and Human Resource Committee his recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

Code of Ethics

We have a Code of Conduct that sets the standard for ethics and compliance for all of our employees, including our officers, directors, chief accounting officer, and corporate controller. Our Code of Conduct is available on our corporate governance web site at http://www.teradata.com/code-of-conduct.

Section 16(a) Beneficial Ownership Reporting Compliance

To the best of our knowledge, during 2014, all of our executive officers and directors timely filed the reports required under Section 16(a) of the Securities Exchange Act of 1934.

Meetings and Meeting Attendance

The board and its committees met a total of 29 times last year. In 2014, each of the directors attended 75% or more of the total number of meetings of the board and the committee(s) on which he or she serves. In addition, under the board s Corporate Governance Guidelines, our directors are expected to attend our annual meeting of stockholders each year. All of our directors attended the 2014 annual meeting of stockholders

Selection of Nominees for Directors

The Board of Directors and the Governance Committee are responsible for recommending candidates for membership to the board. The director selection process and director qualification guidelines are described in detail in the board s recently revised Corporate Governance Guidelines, which are posted on our corporate governance website at http://www.teradata.com/governance-guidelines.

In determining candidates for nomination, the Governance Committee will seek the input of the Chairman of the Board and the Chief Executive Officer and will consider individuals recommended for board membership by our stockholders in accordance with our bylaws and applicable law. In general, we desire to have a balanced group of directors that can perpetuate the Company s long-term success and represent stockholder interests generally through the exercise of sound business judgment using its diversity of experiences and perspectives. In April 2014, the Governance Committee engaged the outside search firm of Spencer Stuart LLP to assist it in identifying and contacting qualified candidates.

In addition, directors and/or management have suggested potential candidates for consideration by this committee. As part of the selection process, the board and the Governance Committee use the qualification factors listed in our Corporate Governance Guidelines and examine candidates business skills and experience, personal integrity, judgment, and ability to devote the appropriate amount of time and energy to serving the best interests of stockholders, in addition to the objectives and desired composition of the board as a whole and the Company s current and future needs. Although we do not have a formal diversity policy, the Governance Committee and the board also consider the diversity needs of the board. Such considerations include the desire for diverse perspectives that can be gained through different professional experiences, backgrounds, and education, as well as gender, race or ethnic diversity. As a result of this process and in accordance with our Bylaws and the board s Corporate Governance Guidelines, on January 27, 2015, the Board of Directors increased the size of the board and elected Ms. Bacus and Mr. Gianoni as Class II and Class III directors, respectively. As described under the caption Director Qualifications on page 6 of this proxy statement, we believe our directors have very diverse perspectives, business skills, experience, and backgrounds.

Stockholders wishing to recommend individuals for consideration as directors should submit their suggestions in writing to the Corporate Secretary of the Company in accordance with the provisions of our bylaws which require the recommending stockholder to provide, among other things, the candidate s name, age, residential and business contact information, detailed biographical data and qualifications for service as a board member, the class or series and number of shares of Teradata s capital stock (if any) which are owned beneficially or of record by the candidate, a document signed by the candidate indicating the candidate s willingness to serve, if elected, and evidence of the stockholder s ownership of our stock. Recommendations by stockholders that are made in this manner will be evaluated in the same manner as other candidates. Stockholders who intend to nominate directors for election at our next annual meeting of stockholders must follow the procedures described in our bylaws, which are available on our corporate governance website at http://www.teradata.com/articles-and-bylaws. See Procedures for Stockholder Proposals and Nominations on page 64 of this proxy statement for further details regarding how to nominate directors.

The directors nominated by the Board of Directors for election at the 2015 annual meeting were recommended by each of the members of Governance Committee following the process described above. See Director Qualifications and Nominees on pages 6 through 9 of this proxy statement for further details regarding the reasons and director attributes supporting these nominations. All of these candidates for election are currently serving as our directors and have been determined by the board to be independent.

Under the board s Corporate Governance Guidelines, if any director who is nominated for election at the 2015 annual meeting is not re-elected by the required majority vote, such director is required to promptly offer his or her resignation. The Board of Directors, giving due consideration to the best interests of the Company and our stockholders, is required to evaluate the relevant facts and circumstances, including whether the underlying cause of the director s failure to receive the required majority vote can be cured, and make a decision on whether to accept the offered resignation. Any director who offers a resignation pursuant to this provision cannot participate in the board s decision process. The Board of Directors will promptly disclose publicly its decision and, if applicable, the reasons for rejecting the offered resignation. If the board accepts a director s resignation pursuant to this process, the Governance Committee will recommend to the Board of Directors whether to fill the resulting vacancy or reduce the size of the board.

COMMITTEES OF THE BOARD

Committee Structure and Responsibilities

Our Board of Directors has four committees: the Audit Committee, the Compensation and Human Resource Committee, the Committee on Directors and Governance, and the Executive Committee.

<u>Audit Committee</u>: The Audit Committee is the principal agent of the Board of Directors in overseeing our accounting and financial reporting processes and audits of our financial statements and internal controls, including assisting in the board s oversight of (i) the integrity of our financial statements, (ii) our compliance with ethical, legal and regulatory requirements, (iii) the qualifications, independence and performance of our independent registered public accounting firm, and (iv) the performance of our internal audit function.

The Audit Committee also:

is directly responsible for the appointment, compensation and oversight of our independent registered public accounting firm and pre-approving all audit services, as well as any audit-related, tax and other non-audit services, to be performed by such firm;

reviews and discusses with our independent registered public accounting firm its quality control procedures;

regularly reviews the annual audit plan of our independent registered public accounting firm, including the scope of audit activities, and monitors the progress and results of the annual audit;

meets with the independent registered public accounting firm, the internal auditors and management to review the adequacy of our internal controls and financial, accounting and reporting processes;

discusses with management and the independent registered public accounting firm our annual audited financial statements and unaudited quarterly financial statements, and recommends to the board that the audited financial statements be included in the Company s annual report filing with the SEC;

discusses with management and the independent registered public accounting firm (i) all critical accounting policies and practices used, (ii) any significant financial reporting issues and judgments made in connection with the preparation of our financial statements, including analyses of the effects of alternative accounting methods under generally accepted accounting principles that have been discussed with management and the treatment preferred by the independent registered public accounting firm, (iii) the effect of regulatory and accounting initiatives and off-balance sheet structures on our financial statements, and (iv) any other reports required by law to be delivered by the independent registered public accounting firm, including any management letter or schedule of unadjusted differences;

discusses management s plans with respect to our major financial and enterprise risk exposures;

receives periodic reports from our internal auditors on findings of fraud, if any, and its significant findings regarding the design and/or operation of internal control over financial reporting as well as management responses to such findings;

reviews our periodic SEC filings and our quarterly earnings releases;

oversees our ethics and compliance program;

prepares the committee report required pursuant to the rules of the SEC for inclusion in our proxy statements;

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ensures that the Company has established procedures for the confidential submission of employee concerns regarding accounting or auditing matters, as required by The Sarbanes-Oxley Act of 2002; and

reviews relationships between the Company and our independent registered public accounting firm or any of its subsidiaries to ascertain the independence of the external auditors.

The Audit Committee has five members, Messrs. Boykin, Fu, Kepler, and Lund and Ms. Cooper, each of whom meets the NYSE listing independence standards, is independent under our recently-updated independence standards and financially literate, as determined by the board under applicable NYSE standards. In addition, the board has determined that because of their accounting and financial management expertise, four out of five of the members of the Audit Committee are audit committee financial experts, as defined under SEC regulations. No member of the committee may receive any compensation, consulting, advisory or other fee from us, other than board compensation described below under the caption Director Compensation, as determined in accordance with applicable SEC and NYSE rules. Each Audit Committee member is limited to serving on the audit committees of two other public companies, unless the Board of Directors evaluates and determines that these other commitments would not impair the director s effective service to us.

A more detailed discussion of the committee s mission, composition, and responsibilities is contained in the Audit Committee Charter. A copy of this charter, which was last amended by the committee on July 23, 2013, can be found on our corporate governance website at http://www.teradata.com/audit-committee-charter. A report of the Audit Committee is set forth below on page 60 of this proxy statement.

<u>Compensation and Human Resource Committee</u>: In general, this committee (i) discharges our board s responsibilities relating to the compensation of our executives, (ii) provides general oversight of our management compensation philosophy and practices, benefit programs, and strategic workforce initiatives, (iii) oversees succession planning and leadership development activities, and (iv) reviews and approves our overall compensation principles, objectives and programs covering executive officers and key management employees as well as the competitiveness of our total executive officer compensation practices. The Compensation and Human Resource Committee also:

evaluates and reviews the performance levels of our executive officers in light of the Company s goals and objectives and determines base salaries and equity and incentive awards for such officers;

establishes the annual goals and objectives of the Chief Executive Officer, after consulting with the independent members of the board;

at executive session of the Board of Directors, discusses its evaluation of, and determination of compensation for, the Chief Executive Officer based on the Chief Executive Officer s performance against annual goals and objectives;

reviews and, as needed, recommends to our Board of Directors for approval our executive compensation plans, including incentive compensation plans, and all equity-based compensation plans;

oversees our plans for management succession and development and, on an annual basis, assists the Board of Directors in reviewing and monitoring succession planning, particularly with respect to the Chief Executive Officer;

reviews and discusses with management the disclosures in our proxy statements with respect to executive compensation policies and procedures and produces the committee s annual report related to such disclosure for inclusion in our proxy statements;

reviews management s proposals to make significant organizational changes or significant changes to existing executive officer compensation plans;

reviews the stock ownership guidelines and compliance of the Chief Executive Officer and other executive officers with such guidelines;

exercises administrative and oversight functions assigned to the committee under the Company s various benefit plans, including the Company s 401(k) plan;

oversees the Teradata Benefits Committee to which it delegated oversight and management responsibilities for U.S.-based employee benefit plans;

periodically reviews and monitors the Company s diversity and inclusion practices; and

reviews and makes recommendations to the board with respect to stockholder approval of executive compensation (say-on-pay votes) and the frequency of say-on-pay votes, including review of stockholder feedback as appropriate.

The Compensation and Human Resource Committee has four members, Ms. Bacus and Messrs. Ringler, Schwarz and Stavropoulos, each of whom the Board of Directors has determined meets the NYSE listing independence standards and our recently-updated independence standards. The committee may form subcommittees with authority to act on the committee s behalf as it deems appropriate and has delegated authority to our Chief Executive Officer, as a member and subcommittee of our board, to award equity to individuals other than executive officers in limited instances. In addition, the Chief Executive Officer conducts annual performance evaluations of executives and, after consulting with the Chief Human Resource Officer, provides this committee with his assessments and recommendations with respect to the amount and form of compensation for such executives.

In July 2014, this committee extended the engagement of Semler Brossy Consulting Group, LLC as its outside compensation consultant to assist the committee in the development of our executive compensation and benefit programs, including the amount and form of such compensation, and in the evaluation of our Chief Executive Officer. The rules for the use of the compensation consultant by the committee and management include the following: (i) only the committee and its Chair can hire or fire the consultant; (ii) on an annual basis, the consultant will provide the committee with a letter of the projected scope of services for the year; (iii) the consultant s work will be coordinated with our Chief Human Resource Officer and any project undertaken at management s request will be with the knowledge and consent of the committee Chair; (iv) the consultant will have direct contact with the committee; and (v) the committee will evaluate the performance of the consultant on an annual basis. In 2014, management did not engage the outside compensation consultant to perform any services for the Company. Moreover, the Compensation and Human Resource Committee reviewed the independence of the consultant in light of SEC rules and NYSE listing standards regarding compensation consultants and has concluded that the firm s work for the committee and for the Governance Committee is independent and does not raise any conflicts of interest. A more detailed discussion of the committee s mission, composition, and responsibilities is contained in the Compensation and Human Resource Committee Charter, which was last amended on April 29, 2013, and is available on our corporate governance website at http://www.teradata.com/compensation-committee-charter. A report of the committee is set forth below in the Compensation Discussion and Analysis beginning on page 28 of this proxy statement.

<u>Committee on Directors and Governance</u>: This committee is responsible for reviewing the board s corporate governance practices and procedures, and:

establishes procedures for evaluating the performance of the Board of Directors and oversees such evaluation;

reviews the composition of our Board of Directors and the qualifications of persons identified as prospective directors, recommends to the board the candidates to be nominated for election as directors, and, in the event of a vacancy on the board, recommends any successors;

reviews and makes recommendations to the board concerning non-employee director compensation;

sees that proper attention is given, and appropriate responses are made, to stockholder concerns regarding corporate governance matters; and

oversees the Company s Related Person Transactions Policy and Corporate Governance Guidelines.

The Governance Committee has directly engaged Semler Brossy Consulting Group, LLC as its consultant to review our director compensation program in prior years and, in January 2014, this committee engaged Semler Brossy as its outside compensation consultant until January 2015.

The Governance Committee is composed entirely of independent directors, Messrs. Gianoni, Ringler and Stavropoulos. The committee approved the nomination of the candidates reflected in Proposal 1. A more detailed discussion of the committee s mission, composition and responsibilities is contained in its charter, which was last amended on July 23, 2013, and is available on our corporate governance website at http://www.teradata.com/committee-on-directors-and-governance-charter.

<u>Executive Committee</u>: The Executive Committee has four members, Messrs. Koehler, Lund, Ringler, and Stavropoulos. This committee has the authority to exercise all powers of the full Board of Directors, except those prohibited by applicable law, such as amending the bylaws or approving a merger that requires stockholder approval. This committee meets between regular board meetings if urgent action is required.

Board Committee Membership as of December 31, 2014

		Compensation and Human		Committee on
	Executive	Resource	Audit	Directors and
Name	Committee	Committee	Committee	Governance
James M. Ringler	X*	X		X
Edward P. Boykin			X	
Nancy E. Cooper			X	
Cary T. Fu			X	
David E. Kepler				X
Michael Koehler	X			
Victor L. Lund	X		X*	
John G. Schwarz		X*		
William S. Stavropoulos	X	X		X*
Number of meetings in 2014	0	6	9	5
* Chair				

Note: Since the end of 2014, Ms. Bacus and Mr. Gianoni joined the board as members of the Compensation and Human Resource Committee and Committee on Directors and Governance, respectively. Mr. Kepler is currently a member of the Audit Committee and no longer serves on the Committee on Directors and Governance.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During our fiscal year 2014, no member of the Compensation and Human Resource Committee was a current or former officer or employee of the Company. None of our executive officers served as

a member of the compensation committee (or board of directors serving the compensation function) or director of another entity where such entity s executive officers served on our Compensation and Human Resource Committee or board.

COMMUNICATIONS WITH DIRECTORS

Stockholders and interested parties wishing to communicate directly with our Board of Directors, any individual director, the Chairman of the Board, or our non-management or independent directors as a group are welcome to do so by writing our Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342. The Corporate Secretary will forward any communications as directed. Any matters reported by stockholders or interested parties relating to our accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee as appropriate. Anonymous and/or confidential communications with the Board of Directors may also be made by writing to this address. For more information on how to contact our board, please see our corporate governance website at http://www.teradata.com/contact-the-board.

RELATED PERSON TRANSACTIONS

Our Related Person Transactions Policy was adopted by the Board of Directors in 2007, and the board approved minor amendments to the policy in January 2013. Under this policy, the board s Committee on Directors and Governance (the Governance Committee) is responsible for reviewing and approving each transaction in which Teradata was a participant involving or potentially involving an amount in excess of \$120,000 and in which a related person had a material interest. A related person is any director or executive officer, any immediate family member of a director or executive officer, a 5% or more stockholder, and any immediate family member of a 5% or more stockholder.

This policy provides for approval or ratification of each related person transaction in accordance with the procedures and policies discussed below (i) by our Governance Committee, or (ii) if the Governance Committee determines that the approval or ratification of such related person transaction should be considered by all of the disinterested members of the Board of Directors, by a majority vote of the disinterested members of the board.

The policy provides for our General Counsel to advise the Chair of the Governance Committee of any potential related person transaction involving in excess of \$120,000 of which the General Counsel becomes aware, including management s assessment of whether the related person s interest in the potential related person transaction is material. The Governance Committee is required to consider such potential related person transaction, including whether the related person s interest in the potential related person transaction is material, unless the Governance Committee determines that the approval or ratification of such potential transaction should be considered by all of the disinterested members of the Board of Directors, in which case such disinterested members of the board will consider the potential transaction. Except as set forth below, we will not enter into a related person transaction that is not approved in advance unless the consummation of such transaction is expressly subject to ratification.

If we enter into a transaction that we subsequently determine is a related person transaction or a transaction that was not a related person transaction at the time it was entered into but thereafter becomes a related person transaction, then in either such case the related person transaction must be presented to the Governance Committee or the disinterested members of the Board of Directors, as applicable, for ratification. If the related person transaction is not ratified, then we are required to take all reasonable actions to attempt to terminate our participation in the transaction.

Factors that are reviewed by the Governance Committee or the Board of Directors, as applicable, include: the size of the transaction and the amount payable to a related person; the nature of the interest of the related person in the transaction; whether the transaction may involve a conflict of interest; whether the transaction is fair to the Company; whether the transaction might impair independence of an outside director of the Company; and whether the transaction involves the provision of goods or services to us that are available from unaffiliated third parties and, if so, whether the transaction is on terms and made under circumstances that are at least as favorable to us as would be available in comparable transactions with or involving unaffiliated third parties.

STOCK OWNERSHIP

Ownership by Officers and Directors

This table shows our common stock beneficially owned as of February 1, 2015, by each named executive officer included in the Summary Compensation Table found on page 41 of this proxy statement, each non-employee director, and the directors and executive officers as a group.

Name	Total Shares Beneficially Owned ⁽¹⁾	Shares Covered by Options ⁽²⁾	% of Class Beneficially Owned ⁽³⁾
Non-Employee Directors			
Lisa R. Bacus, Class II Director	0	0	*
Edward P. Boykin, Class III Director	107,891	38,388	*
Nancy E. Cooper, Class I Director	36,326	18,642	*
Cary T. Fu, Class III Director	47,082	29,312	*
Michael P. Gianoni, Class III Director	0	0	*
David E. Kepler, Class I Director	47,332	13,206	*
Victor L. Lund, Class III Director	42,241	0	*
James M. Ringler, Chairman of the Board and Class II Director ⁽⁴⁾	157,696	84,771	*
John G. Schwarz, Class II Director	27,366	9,423	*
William S. Stavropoulos, Class I Director ⁽⁵⁾	82,987	23,954	*
Named Executive Officers			
Michael Koehler, President, Chief Executive Officer and Class II Director ⁽⁶⁾	1,597,596	1,355,979	1.1%
Robert Fair, Executive Vice President and Chief Marketing and Information			
Officer ⁽⁷⁾	330,471	276,299	*
Scott Gnau, Executive Vice President, Teradata Labs ⁽⁸⁾	164,202	97,126	*
Daniel Harrington, Executive Vice President, Global Consulting and Support			
Services ⁽⁹⁾	118,835	73,084	*
Stephen Scheppmann, Executive Vice President and Chief Financial Officer	234,858	184,813	*
Hermann Wimmer, Executive Vice President, International ⁽¹⁰⁾	269,247	211,594	*
Directors and Executive Officers as a Group (21 persons)	4,195,375	3,127,193	2.8%

^{*} Less than one percent.

⁽¹⁾ Unless otherwise indicated, total voting power and total investment power are exercised by each individual and/or a member of his or her household. This column includes: (i) shares covered by options that are exercisable within sixty days of February 1, 2015 (as listed in the Shares Covered by Options column); (ii) shares granted to directors, the receipt of which have been deferred, as follows: Mr. Boykin, 34,890 shares; Mr. Lund, 11,628 shares; and Mr. Stavropoulos, 16,787 shares; and (iii) vested restricted share units, the receipt of which have been deferred, as follows: each of Messrs. Boykin and Lund, 26,613 units; Mr. Fu, 9,063 units; Mr. Ringler, 8,081 units; and Mr. Schwarz, 16,222 units.

- (2) Includes shares that the executive officer or director or his or her respective family members have the right to acquire through the exercise of stock options within sixty days after February 1, 2015. These shares are also included in the Total Shares Beneficially Owned column.
- (3) The total number of shares of our common stock issued and outstanding as of February 1, 2015 was 148,157,664.
- (4) Includes 58,146 shares held indirectly through a limited liability company.
- (5) Includes 2,000 shares held by Mr. Stavropoulos spouse, and 1,000 shares held indirectly by her through a family limited partnership.
- (6) Includes 11,124 shares attributable to units held by Mr. Koehler in a unitized stock fund under the Teradata 401(k) Savings Plan, 14,000 shares held jointly by Mr. Koehler and his spouse, 80,000 shares held indirectly through Koehler family trusts, and 45,000 shares held indirectly through a grantor retained annuity trust. As of February 27, 2015, Mr. Koehler no longer serves as the President of the Company, but retained his role as the Company s Chief Executive Officer.
- (7) As of February 27, 2015, Mr. Fair was appointed Co-President, Teradata.
- (8) Includes 7,243 shares attributable to units held by Mr. Gnau in a unitized stock fund under the Teradata 401(k) Savings Plan.
- (9) Includes 35,581 shares attributable to units held by Mr. Harrington in a unitized stock fund under the Teradata 401(k) Savings Plan.
- (10) As of February 27, 2015, Mr. Wimmer was appointed Co-President, Teradata.

 Other Beneficial Owners of Teradata Common Stock

To the best of our knowledge, based on filings with the SEC made by beneficial owners of our stock, the following stockholders beneficially own more than 5% of our outstanding common stock.

	Total Number	Percent
Name and Address of Beneficial Owner	of Shares	of Class ⁽¹⁾
First Eagle Investment Management, LLC ⁽²⁾		
1345 Avenue of the Americas, New York, New York 10105	12,921,103	8.72%
The Vanguard Group ⁽³⁾		
100 Vanguard Blvd., Malvern, Pennsylvania 19355	11,576,320	7.81%
BlackRock, Inc. (4)		
40 East 52 nd Street, New York, New York 10022	8,484,862	5.73%

- (1) Percent of class is based on 148,157,664 shares of Teradata common stock issued and outstanding as of February 1, 2015.
- (2) Information is based on Amendment No. 1 to Schedule 13G filed by First Eagle Investment Management, LLC with the SEC on January 30, 2015, which reported sole voting power over 12,458,146 and sole dispositive power over 12,921,103 shares. According to this filing, the First Eagle Global Fund, a registered investment company for which First Eagle Investment Management, LLC acts as investment adviser, may be deemed to beneficially own 8,766,525 of these shares.

(3) Information is based on Amendment No. 4 to Schedule 13G filed by The Vanguard Group with the SEC on February 9, 2015. According to this filing, The Vanguard Group has sole dispositive power over 11,321,883 shares, shared dispositive power over 254,437 shares and sole power to vote 267,072 shares. According to this filing, (i) Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc. and a registered investment adviser, is the beneficial

owner of 209,537 shares as a result of its serving as investment manager of collective trust accounts, and (ii) Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc. and a registered investment adviser, is the beneficial owner of 102,435 shares as a result of its serving as investment manager of Australian investment offerings.

(4) Information is based on Amendment No. 6 to Schedule 13G filed by BlackRock, Inc. with the SEC on February 10, 2015, which reported sole voting power over 7,197,579 and sole dispositive power over 8,484,862 shares. According to this filing, these shares are beneficially owned by the following subsidiaries of Blackrock, Inc.: BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Fund Managers Ltd., BlackRock Life Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management North Asia Limited, BlackRock Advisors (UK) Limited, BlackRock Fund Advisors, BlackRock International Limited, BlackRock Institutional Trust Company, N.A., BlackRock Japan Co. Ltd., and BlackRock Investment Management (UK) Limited.

DIRECTOR COMPENSATION

Teradata s Director Compensation Program is designed to enhance our ability to attract and retain highly qualified directors and to align their interests with the long-term interests of our stockholders. The program consists of both a cash component, designed to compensate independent directors for their service on the board and its committees, and an equity component, designed to align the interests of independent directors and stockholders. Mr. Koehler receives no compensation for his service on the board.

Annual Retainer

Under the Director Compensation Program, for the 2014 2015 board year (the period between the Company's annual stockholders' meetings), each non-employee member of Teradata's board receives an annual retainer of \$50,000. The Chairman of the Board of Directors (Mr. Ringler) receives an additional retainer of \$100,000, and each director serving on the Audit Committee receives an additional retainer of \$5,000. The Chair of the Governance Committee receives an additional retainer of \$10,000 and the Chair of the Compensation and Human Resource Committee receives an additional retainer of \$15,000.

Prior to January 1 of each year, a director may elect to receive all or a portion of his or her annual retainer in Teradata common stock instead of cash. In addition, a director may elect to defer receipt of shares of common stock payable in lieu of cash. Payments for deferred stock may be made only in shares of Teradata common stock.

Annual Equity Grant

The Director Compensation Program provides that on the date of each annual meeting of stockholders each non-employee director will be granted restricted share units (RSUs) and/or stock options to purchase a number of shares of Teradata common stock in an amount determined by the Governance Committee and approved by the board. For the 2014 2015 board year, each of the non-employee directors received an annual equity grant consisting of RSUs with a total dollar value of \$250,000. The RSUs vest in four equal quarterly installments commencing three months after the grant date, and directors may elect to defer receipt of the shares of common stock payable when the RSUs vest.

Initial Equity Grant

The Director Compensation Program also provides that upon initial election to the board, each non-employee director will receive a grant of RSUs. A director may elect to defer receipt of the shares of common stock that would otherwise be received upon vesting of RSUs. The RSUs vest in four equal quarterly installments commencing three months after the grant date. Payment is made only in Teradata common stock.

No director received an initial equity grant during 2014.

Mid-Year Equity Grant

The Director Compensation Program also provides the board with the discretion, based on the recommendation of the Governance Committee, to grant mid-year equity grants in the form of stock options and/or awards of restricted stock or RSUs to directors who are newly elected to the board after the annual meeting of stockholders. If a mid-year equity grant is made in the form of RSUs, a director may elect to defer receipt of the shares of common stock that would otherwise be received upon

vesting. Option grants made in connection with a mid-year equity grant will be fully vested and exercisable on the first anniversary of the grant. Restricted share unit grants made in connection with a mid-year equity grant vest in four equal quarterly installments commencing three months after the grant date. Payment is made only in Teradata common stock.

No director received a mid-year equity grant during 2014.

Benefits

We do not provide any retirement or other benefit programs for our directors. However, directors may have their spouses or immediate family members accompany them on our aircraft when traveling on approved business trips, which occurred on one occasion in 2014, and Mr. Koehler is permitted to use the corporate aircraft for personal use.

2014 Director Compensation Table

The following table provides information on compensation paid to our non-employee directors in 2014.

	Fees Earned or Paid in Cash ⁽²⁾	Stock Awards ⁽³⁾	Option Awards ⁽⁴⁾	Total
Name ⁽¹⁾	(\$)	(\$)	(\$)	(\$)
James M. Ringler, Chairman	.,,	391,594	, ,	391,594
Edward P. Boykin		296,628		296,628
Nancy E. Cooper	55,000	241,516		296,516
Cary T. Fu	55,000	241,516		296,516
David E. Kepler	50,000	241,516		291,516
Victor L. Lund	75,000	241,516		316,516
John G. Schwarz	65,000	241,516		306,516
William S. Stavropoulos		301,587		301,587

- (1) Table does not include compensation information for Ms. Bacus or Mr. Gianoni who joined our board in January 2015.
- (2) Represents the annual cash retainer earned for 2014. Mr. Boykin elected to receive his cash retainer in deferred shares payable as described in footnote 2 below. Messrs. Ringler and Stavropoulos elected to receive their cash retainers in current shares. These deferred and current shares are reported in the Stock Awards column.
- (3) This column shows the aggregate grant date fair value, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation, of RSU awards, deferred shares (also referred to as phantom shares) paid in lieu of cash annual retainers, and current shares paid in lieu of the cash annual retainers, in each case in 2014. See Note 5 of the Notes to Consolidated Financial Statements contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2014 (our 2014 Annual Report) for an explanation of the assumptions we made in the valuation of these awards. The grant date fair value of the annual award for the 2014-2015 board year is \$45.16.

The number of RSUs outstanding as of December 31, 2014, for each of the non-employee directors is 2,674.

(4) There were no options granted to the non-employee directors for the 2014-2015 board year. The number of shares underlying each option award outstanding as of December 31, 2014 for each of the non-employee directors is as follows: Mr. Ringler, 84,771; Mr. Boykin, 38,388; Ms. Cooper, 18,642; Mr. Fu, 29,312; Mr. Kepler, 13,206; Mr. Lund, 0; Mr. Schwarz, 9,423; and Mr. Stavropoulos, 23,954.

Director Stock Ownership Guidelines

Under the board s Corporate Governance Guidelines, each director should hold stock valued at no less than ten times the amount of the annual retainer paid to such director within five years after he or she is first elected to the Teradata Board of Directors. Stock or stock units beneficially owned by the director, for which beneficial ownership is not disclaimed, including stock or stock units held in a deferral account, should be taken into account. However, for this purpose, the board does not believe it appropriate to include stock options granted to directors by the Company. Each director who served as a director during 2014 has exceeded his or her required ownership level.

NO INCORPORATION BY REFERENCE

In our filings with the SEC, information is sometimes incorporated by reference. This means that we are referring you to information that has previously been filed with the SEC and the information should be considered as part of the particular filing. As provided under SEC regulations, the following Board Compensation and Human Resource Committee Report on Executive Compensation and the Board Audit Committee Report contained in this proxy statement specifically are not incorporated by reference into any other filings with the SEC and shall not be deemed to be Soliciting Material under SEC rules. In addition, this proxy statement includes several website addresses. These website addresses are intended to provide inactive, textual references only. The information on these websites is not part of this proxy statement.

BOARD COMPENSATION AND HUMAN RESOURCE COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation and Human Resource Committee of the Board of Directors (the Committee) manages the Company s compensation programs on behalf of the Board of Directors. The Committee reviewed and discussed with the Company s management the Compensation Discussion and Analysis included in this proxy statement. In reliance on the review and discussions referred to above, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Dated: February 24, 2015

The Compensation and Human Resource Committee:

John G. Schwarz, Chair

Lisa R. Bacus, Member

James M. Ringler, Member

William S. Stavropoulos, Member