

TERADATA CORP /DE/
Form DEF 14A
March 06, 2013

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 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))
- 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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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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:

- (5) Total fee paid:

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- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

**NOTICE OF 2013 ANNUAL MEETING
AND PROXY STATEMENT**

March 6, 2013

Dear Fellow Teradata Corporation Stockholder:

I am pleased to invite you to attend Teradata's 2013 Annual Meeting of Stockholders on April 30, 2013. The meeting will begin promptly at 8:00 a.m. local time at the Terry Executive Education Center, 3475 Lenox Road NE, Atlanta, Georgia 30326.

This proxy statement, which also includes a notice of the 2013 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 2012 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 2013 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 President and 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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF TERADATA CORPORATION

Time:

8:00 a.m. local time

Date:

Tuesday, April 30, 2013

Place:

The Terry Executive Education Center

3475 Lenox Road NE, Atlanta, Georgia 30326

Purpose:

Elect Messrs. Boykin, Fu and Lund to serve as Class III directors for three-year terms expiring at the 2016 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 2013;

Vote on a stockholder proposal recommending declassification of our Board of Directors, if properly presented at the meeting; and

Transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting by or at the direction of the Board of Directors.

Other Important Information:

Record holders of Teradata common stock at the close of business on March 1, 2013, 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.

Important Notice Regarding the Availability of Proxy Materials for the 2013 Annual Meeting of Stockholders to Be Held on April 30, 2013: This notice of 2013 annual meeting of stockholders and proxy statement, our 2012 annual report and form of proxy and voting instruction card are available at <http://www.proxyvote.com>.

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By order of the Board of Directors,

Laura Nyquist
General Counsel and Secretary

March 6, 2013

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 2013 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 30, 2013, at the Terry Executive Education Center, 3475 Lenox Road NE, Atlanta, Georgia 30326. At the meeting, we will: (1) consider the election of Messrs. Boykin, Fu and Lund as Class III directors for three-year terms expiring in 2016; (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 2013; (4) vote on a stockholder proposal recommending declassification of our Board of Directors, if properly presented at the meeting; and (5) transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

This proxy statement contains information about the 2013 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 2012 annual report and form of proxy and voting instruction card (proxy card). Proxy materials for the 2013 annual meeting of stockholders are being made available in printed form on or about March 14, 2013. They will be available online on or about March 14, 2013.

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

<http://www.proxyvote.com>

VOTE BY PHONE

1-800-690-6903

VOTE BY MAIL

Vote Processing, c/o Broadridge,
51 Mercedes Way, Edgewood, NY 11717

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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.

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 March 1, 2013, the record date for the meeting. On the record date, there were 165,059,435 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 2013 annual meeting of stockholders are being made available in printed form on or about March 14, 2013. They will be available online on or about March 14, 2013.

How do I access my proxy materials?

Notice and Access. Proxy materials (including our 2012 annual report, notice of the 2013 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.

Electronic Delivery. 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.

Paper Copies. If you have previously requested paper copies of your proxy materials, or are otherwise required to receive paper copies, you will receive the 2013 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 (which is 11:59 p.m. on April 29, 2013 for record stockholders who do not vote at the meeting, such time as directed by the nominee for beneficial owners, and April 25, 2013 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 March 1, 2013. 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. In evaluating the stockholder vote on this advisory resolution, the board will consider the voting results in their entirety.

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.

With respect to Proposal 4 (stockholder proposal recommending declassification of our Board 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 such question is required to approve this proposal.

Abstentions effectively count as votes against the adoption of a proposal and the election of a director, but broker non-votes will have no effect on the outcome of the vote for any proposal or the election of any director. Therefore, 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, the advisory vote on executive compensation, or the stockholder proposal recommending declassification of our board, the nominee may not vote on these proposals. 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 three Class III director nominees, Messrs. Boykin, Fu and Lund (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 52);

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2013 (see page 53);

FOR a stockholder proposal recommending declassification of our Board of Directors (see page 57).

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, the advisory say-on-pay vote on executive compensation, or the stockholder proposal recommending declassification of our Board of Directors.

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 our 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 qualify. One of the three classes is elected each year to succeed the directors whose terms are expiring. As of the 2013 annual meeting, the terms for the directors in Classes I, II and III of the Board of Directors expire in 2014, 2015, and 2013, respectively.

Messrs. Boykin, Fu and Lund currently are Class III directors whose terms are expiring at the 2013 annual meeting and, for the reasons described below, each has been nominated by the board for re-election through the 2016 annual meeting of stockholders and until his 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 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 each of the Class III nominees for election 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 is required to tender his 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 includes nine 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
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
David E. Kepler	Experience as a chief information officer of a complex, global company with additional responsibility for corporate sustainability initiatives and customer service 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
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 experience 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 III – Current Terms Expiring in 2013:*

Edward P. Boykin, 74, 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 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, 64, is Chairman Emeritus 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.

Victor L. Lund, 65, 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 boards of Mariner Health Care, Inc., NCR Corporation, Borders Group, Inc., Delta Air Lines, Inc., and 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.

Other Directors*Class I – Current Terms Expiring in 2014:*

Nancy E. Cooper, 59, 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 and The Guardian Life Insurance Company of America 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, 60, is the Executive Vice President, Business Services, Chief Sustainability Officer and Chief Information Officer (CIO) of The Dow Chemical Company (Dow). 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 the U.S. Chamber of Commerce and serves as a trustee of the University of California Berkeley Foundation. He also serves on the boards of Dorinco Reinsurance Company and Liana Limited, both Dow-affiliated companies, and is appointed to the U.S. National Infrastructure Advisory Council that advises the President on the protection of critical infrastructure and homeland security issues. He joined our board on November 1, 2007.

William S. Stavropoulos, 73, 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 II - Current Terms Expiring in 2015:

James M. Ringler, 67, 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., Dow, FMC Technologies, Inc., Ingredion Incorporated and is lead director for John Bean Technologies Corporation. He joined our board on September 6, 2007.

Michael Koehler, 60, is President and Chief Executive Officer of Teradata. 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 joined our board in August 2007.

John G. Schwarz, 62, 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.

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 and operating plans. 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 are found on our corporate governance website at <http://www.teradata.com/t/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 2013.

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, Definition of Director Independence, 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:

has not been an employee of the Company or any of our affiliates, or affiliated with us, within the past five years;

has not been affiliated with or an employee of our present or former independent auditors or their affiliates within the past five years;

has not been in the past five years a paid advisor, service provider or consultant to us or any of our affiliates or to an executive officer of the Company or an employee or owner of a firm that is such a paid advisor, service provider or consultant;

has not, directly or indirectly, had a material relationship (such as being an executive officer, director, partner, or significant stockholder) with a significant customer or supplier of the Company, and in no case may the director be an executive officer or employee of another company that in the previous

three years made payments to or received payments from us in a fiscal year exceeding the greater of \$1 million or 2% of the other company's consolidated gross revenues;

is not an executive officer or director of a foundation, university or other non-profit entity receiving significant contributions from us, including contributions in the previous three years that, in any single fiscal year, exceeded the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues;

has not been employed as an executive officer by another corporation that has (or had during the past five years) an executive officer of the Company on its board of directors;

has not for the past five years received any compensation, consulting, advisory or other fees from us, other than director compensation and expense reimbursement or compensation for prior service that is not contingent on continued service; and

is not and has not been for the past five years, a member of the immediate family of (i) an officer of the Company, (ii) an individual who receives more than \$100,000 per year in direct compensation from us, other than compensation for prior service that is not contingent on continued service, (iii) an individual affiliated with or an employee of our present or former independent auditors or its affiliates, (iv) an individual who is an executive officer of another company that has (or had) an executive officer of the Company on its board of directors, (v) an executive officer of a company that has made payments to, or received payments from, us in a fiscal year that exceeded the greater of \$1 million or 2% of the other company's consolidated gross revenues, or (vi) any director who is not considered an independent director.

Our Board of Directors has determined that all of our non-employee directors and nominees, namely Ms. Cooper and Messrs. Boykin, Fu, Kepler, Lund, Ringler, Schwarz, and Stavropoulos, meet the NYSE listing independence standards and our independence standards. There were no transactions, relationships or arrangements in fiscal year 2012 that required review by the board for purposes of determining director independence.

Board Leadership Structure

While our 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 discussing with management, particularly, the Chief Financial Officer and Vice President, Enterprise Risk and Assurance Services, 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, and (ii) internal audit and ethics and compliance updates, as well as whistleblower updates, if any; 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 generally 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 2012, all of our executive officers and directors timely filed the reports required under Section 16(a) of the Securities Exchange Act of 1934, except that Messrs. Boykin, Kepler, Ringler, and Stavropoulos each filed one late report due to an inadvertent administrative oversight by the Company.

Meetings and Meeting Attendance

The board and its committees met a total of 29 times last year. In 2012, 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 2012 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 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. As part of the selection process, the board and the Governance Committee determine the appropriate qualifications, skills and experiences needed to comprise an experienced and diverse board using the qualification factors listed in our Corporate Governance Guidelines. In particular, they examine candidates' business skills and experience, personal integrity, judgment, ability to devote the appropriate amount of time and energy to serving the best interests of stockholders, 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, including the desire for diverse perspectives that can be gained through any number of factors such as professional experience and perspectives, education, gender or national origin. 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 60 of this proxy statement for further details regarding how to nominate directors.

The directors nominated by the Board of Directors for election at the 2013 annual meeting were recommended by the Governance Committee. See "Director Qualifications and Nominees" on pages 6 through 10 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 of the directors nominated for election at the 2013 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. 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.

Audit Committee: 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;

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; and

reviews relationships between the Company and our independent registered accounting firm to ascertain the independence of the external auditors.

The Audit Committee has four members, Messrs. Boykin, Fu, and Lund and Ms. Cooper, each of whom is independent and financially literate, as determined by the board under applicable SEC and NYSE standards. In addition, the board has determined that all 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 January 31, 2012, 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 54 of this proxy statement.

Compensation and Human Resource Committee: 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 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;

monitors our compliance with the Sarbanes-Oxley Act of 2002 relating to 401(k) plans and loans, if any, to directors and officers, NYSE rules relating to approval of equity compensation plans and other applicable laws affecting employee compensation and benefits; and

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

The Compensation and Human Resource Committee has three members, Messrs. Ringler, Schwarz and Stavropoulos, each of whom the Board of Directors has determined meets the NYSE listing independence standards and our 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 2012, 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 2012, 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 new SEC rules and NYSE listing standards regarding compensation consultants and has concluded that the firm's work for the committee and for the Committee on Directors and Governance 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 February 2, 2010, 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 25 of this proxy statement.

Committee on Directors and Governance: 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 effective responses are made, to stockholder concerns regarding corporate governance; 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 each year from 2008 to 2012.

The Governance Committee is composed entirely of independent directors, Messrs. Kepler, 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 December 2, 2008, and is available on our corporate governance website at

<http://www.teradata.com/committee-on-directors-and-governance-charter>.

Executive Committee: 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

Name	Executive Committee	Compensation and Human Resource Committee	Audit Committee	Committee on Directors and 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 2012	0	8	9	3

* Chair

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During our fiscal year 2012, 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

The 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 Governance Committee is responsible for reviewing and approving each related person transaction involving or potentially involving an amount in excess of \$120,000. A related person is any director or executive officer, any immediate family member of a director or executive officer, and 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.

There were no transactions required to be reported in this proxy statement since the beginning of fiscal year 2012, where this policy did not require review, approval or ratification or where this policy was not followed.

STOCK OWNERSHIP

Ownership by Officers and Directors

This table shows our common stock beneficially owned as of February 1, 2013, by each named executive officer included in the Summary Compensation Table found on page 37 of this proxy statement, each non-employee director, and the directors and executive officers as a group. As of that date, none of our directors or executive officers beneficially owned more than 1.0% of the issued and outstanding shares of our common stock. As a group, such directors and executive officers beneficially owned 1.96% of such stock.

Name	Total Shares Beneficially Owned ⁽¹⁾	Shares Covered by Options ⁽²⁾	% of Class Beneficially Owned ⁽³⁾
Non-Employee Directors			
Edward P. Boykin, Class III Director	111,941	54,388	*
Nancy E. Cooper, Class I Director	27,703	18,642	*
Cary T. Fu, Class III Director	43,069	29,312	*
David E. Kepler, Class I Director	26,247	13,206	*
Victor L. Lund, Class III Director	32,620	0	*
James M. Ringler, Chairman of the Board and Class II Director ⁽⁴⁾	129,766	84,771	*
John G. Schwarz, Class II Director	17,745	9,423	*
William S. Stavropoulos, Class I Director ⁽⁵⁾	69,828	23,954	*
Named Executive Officers			
Michael Koehler, President, Chief Executive Officer and Class II Director ⁽⁶⁾	1,239,984	1,077,716	*
Robert Fair, Executive Vice President and Chief Marketing and Information Officer	269,239	229,636	*
Daniel Harrington, Executive Vice President, Services	69,355	61,578	*
Darryl McDonald, Executive Vice President, Applications	287,545	228,498	*
Stephen Schepmann, Executive Vice President and Chief Financial Officer	148,358	122,547	*
Current Directors and Executive Officers as a Group (19 persons)	3,296,915	2,601,931	1.96%

* 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, 2013 (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, 32,561 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, 16,992 units; Mr. Fu, 13,757 units; Mr. Ringler, 5,192 units; and Mr. Schwarz, 6,601 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, 2013. 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, 2013 was 165,771,390.

- (4) Includes 31,974 shares held indirectly through a grantor retained annuity trust.
- (5) Includes 2,000 shares held by Mr. Stavropoulos spouse.
- (6) Includes 4,000 shares held jointly by Mr. Koehler and his spouse, 110,000 shares held indirectly through Koehler family trusts, and 40,000 shares held indirectly through a grantor retained annuity trust.

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.

Name and Address of Beneficial Owner	Total Number of Shares	Percent of Class ⁽¹⁾
BlackRock, Inc. ⁽²⁾ 40 East 52 nd Street, New York, New York 10022	11,163,209	6.73%
The Vanguard Group ⁽³⁾ 100 Vanguard Blvd., Malvern, Pennsylvania 19355	10,056,115	6.07%

- (1) Percent of class is based on 165,771,390 shares of Teradata common stock issued and outstanding as of February 1, 2013.
- (2) Information is based upon Amendment No. 3 to Schedule 13G filed by BlackRock, Inc. with the SEC on February 5, 2013, which reported sole voting and dispositive power over 11,163,209 shares. According to this filing, these shares are beneficially owned by the following subsidiaries of Blackrock, Inc.: BlackRock Advisors, LLC, BlackRock Capital Management, Inc., BlackRock Financial Management, Inc., BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock Asset Management Australia Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland 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.
- (3) Information is based upon Amendment No. 2 to Schedule 13G filed by The Vanguard Group with the SEC on February 11, 2013. According to this filing, The Vanguard Group has sole dispositive power over 10,056,115 shares, shared dispositive power over 284,647 shares and sole power to vote 295,947 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 237,747 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 105,100 shares as a result of its serving as investment manager of Australian investment offerings.

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 2012-2013 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. The Chair of the Audit Committee receives an additional retainer of \$20,000 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.

Initial Equity Grant

The Director Compensation Program provides that upon initial election to the board, each non-employee director will receive a grant of restricted share units (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 2012.

Annual Equity Grant

The Director Compensation Program also provides that on the date of each annual meeting of stockholders each non-employee director will be granted 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 2012-2013 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.

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 2012.

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 three occasions in 2012, and Mr. Koehler is permitted to use the corporate aircraft for personal use.

2012 Director Compensation Table

The following table provides information on compensation paid to our non-employee directors in 2012.

Name	Fees Earned or Paid in Cash ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	Option Awards ⁽³⁾ (\$)	Total (\$)
James M. Ringler, Chairman		402,026		402,026
Edward P. Boykin		307,020		307,020
Nancy E. Cooper	55,000	251,898		306,898
Cary T. Fu	55,000	251,898		306,898
David E. Kepler		301,988		301,988
Victor L. Lund	75,000	251,898		326,898
John G. Schwarz	64,092	251,898		315,990
William S. Stavropoulos		311,711		311,711

- (1) Represents the annual cash retainer earned for 2012. Mr. Boykin elected to receive his cash retainer in deferred shares payable as described in footnote 2 below. Messrs. Ringler, Kepler and Stavropoulos elected to receive their cash retainers in current shares. These deferred and current shares are reported in the Stock Awards column.
- (2) 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 2012. 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, 2012 (our 2012 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 2012-2013 board year is \$251,898. The number of RSUs and deferred shares outstanding as of December 31, 2012, for each of the non-employee directors is as follows: Mr. Ringler, 50,354; Mr. Boykin, 50,467; Ms. Cooper, 4,790; Mr. Fu, 17,633; Mr. Kepler, 20,246; Mr. Lund, 29,534; Mr. Schwarz, 7,515; and Mr. Stavropoulos, 18,615.
- (3) There were no options granted to the non-employee directors for the 2012-2013 board year. The number of shares underlying each option award outstanding as of December 31, 2012 for each of the non-employee directors is as follows: Mr. Ringler, 84,771; Mr. Boykin, 54,388; 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 five 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 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, 2012.

Dated: February 26, 2013

The Compensation and Human Resource Committee:

John G. Schwarz, Chair

James M. Ringler, Member

William S. Stavropoulos, Member

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information about our compensation program for Messrs. Koehler, Scheppmann, Fair, Harrington, and McDonald. We refer to these individuals as our named executive officers.

Introduction

Our executive compensation program is designed to achieve the Company's goal of attracting, retaining and developing global business leaders with proven capabilities to drive financial and strategic growth, while also delivering long-term stockholder value. We focus on providing compensation opportunities that are aligned with our stockholders' interests, promote sound governance practices and deliver pay for performance.

What we do.

Emphasize Performance-Based Compensation: We deliver a significant portion of our core compensation program through variable compensation dependent upon achieving a balanced mix of performance metrics, including revenue, operating income and earnings per share. This approach promotes disciplined progress toward our key business objectives and long-term stock price growth.

Establish Competitive Compensation Levels: We target the total direct compensation for our named executive officers at levels that are competitive in the high technology industry and periodically review tally sheets that include a summary of total compensation earned in prior years, projected compensation for the current year, and a listing of outstanding equity awards. We also strive to maintain internal pay equity among our executives in order to retain, motivate, and, as necessary, attract executive talent.

Maintain a Double Trigger : Our change in control arrangements provide benefits on a double trigger, meaning that the severance benefits are paid, and equity awards vest, only if our executives incur a qualifying termination in connection with a change in control.

Require Holding Periods for Performance Awards: We subject a meaningful portion of earned performance-based restricted share units to a time-based vesting schedule following the end of the performance period. This practice encourages our executives to generate performance results that translate into sustained, long-term stockholder value.

Impose Robust Stock Ownership Guidelines: Our stock ownership guidelines require our executives to achieve robust ownership requirements, ranging from 115,000 to 35,000 shares (excluding options and unvested performance share units) for our Chief Executive Officer and other named executive officers, respectively. These guidelines encourage our executives to maintain a meaningful equity interest in the Company and a shared commitment to value creation, while satisfying their needs for portfolio diversification. Each named executive officer has exceeded his required ownership level.

Minimize Compensation Risks: We periodically review our compensation program to confirm that we are not creating excessive or inappropriate risks. We believe that our compensation program provides an appropriate balance between current and long-term performance objectives, cash and equity compensation, and risks and rewards associated with executive roles. Potential incentive payouts are capped and we retain discretion to adjust payouts based on the quality of Company and individual performance and adherence to our ethics and compliance programs. We have adopted risk mitigating strategies, such as holding periods for performance awards, robust stock ownership guidelines, a clawback policy, and harmful activity protections.

What we do.

Review Share Utilization: We regularly review overhang levels (the dilutive impact of equity awards on our stockholders) and run rates (the aggregate shares awarded as a percentage of total outstanding shares) and maintain levels well below industry norms.

Retain an Independent Consultant: The Compensation and Human Resource Committee of the Board of Directors (the Compensation Committee or Committee) retains an independent consultant to assist in developing and reviewing our executive compensation strategy and program. The Committee, with the assistance of its independent compensation consultant, regularly evaluates the compensation practices of our peer companies to confirm that the design and pay levels of our compensation programs are consistent with market practice.

What we don't do.

No Excise Tax Gross-Ups: On July 24, 2012, we amended our change in control severance plan to eliminate gross-up payments related to excise taxes that may be imposed in connection with golden parachute arrangements under the tax code.

No Perquisites or SERPs: We do not provide perquisites to our named executive officers nor do we maintain a pension plan or any other type of defined benefit retirement plan.

No Hedging or Pledging of Company Stock: Our insider trading policy restricts our employees, officers and directors from engaging in hedging transactions involving Teradata stock or from pledging Teradata securities.

No Timing of Equity Grants: We maintain a disciplined equity approval policy. We do not grant equity awards in anticipation of the release of material, non-public information. Similarly, we do not time the release of material, non-public information based on equity grant dates.

Pay-for-Performance

Our core compensation program consists of base salary, annual incentives and long-term incentives (including stock options, service-based restricted share units and performance-based restricted share units). As illustrated below, in 2012, approximately 70% of the target total direct compensation for our Chief Executive Officer, and 64% for the other named executive officers, was performance-based.

Core Program

Following is a brief summary of each element of our core compensation program for our named executive officers.

Base Salary

We provide a base salary to retain and, as necessary, attract key executive talent and to align our compensation with market practices. Base salaries are reviewed and established by the Compensation Committee on a competitive basis each year. In connection with our 2012 global merit increase, each named executive officer, other than Mr. Koehler, received a 2% base salary increase which was consistent with merit-based adjustments made with respect to our general employee population. At Mr. Koehler's request, his salary has not increased since 2007.

Annual Incentive (Annual Bonus Awards)

All of our named executive officers participate in the Teradata Corporation Management Incentive Plan (the "MIP"). In general, the annual incentive program for our named executive officers has the same design as the program for our general employee population so that all non-sales/consulting employees are focused on the same performance metrics across the Company.

The MIP provides annual incentive opportunities for each named executive officer based on an incentive formula: 1.5% for the Chief Executive Officer and 0.75% for the other named executive officers of our earnings before income and taxes ("EBIT"). EBIT was selected as the appropriate performance measure since the level of EBIT reflects the operating strength and efficiency of the Company.

The EBIT incentive formula establishes the maximum amount payable each year under the MIP for each named executive officer; but the executives are not assured of earning this maximum amount, and it was not paid in prior years. Instead, the Committee has the authority to reduce the annual amount payable under the EBIT incentive formula based on its assessment of the extent to which certain financial and strategic goals are achieved under our annual bonus program, as described below. The Committee also retains discretion to adjust payouts based on the quality of Company and individual performance and adherence to our ethics and compliance programs, among other things.

2012 Annual Bonus Program.

The Compensation Committee established target award opportunities for the named executive officers under the 2012 annual bonus program, which were expressed as a percentage of base salary and are set forth below. The Committee increased the annual incentive opportunity, as compared to 2011, for each named executive officer other than the Chief Executive Officer to deliver total cash compensation at competitive levels and to reflect internal equity considerations.

Target Award Opportunity

(% of Base Salary)

	2011	2012
Michael Koehler	125%	125%
Stephen Scheppmann	85%	90%
Robert Fair	85%	90%
Daniel Harrington	85%	90%
Darryl McDonald	85%	90%

The Committee also established specific financial and strategic performance goals for the named executive officers under the 2012 annual bonus program.

Measure	Weighting	Business Objective
Revenue , based on generally accepted accounting principles (GAAP)	35%	Reward our executives if they achieve revenue growth objectives
Non-GAAP operating income , as reported in 2012 earnings releases (i.e., excluding stock-based compensation expenses and other special items)	35%	Incent our executives to deliver attractive contribution margins and stockholder value
Strategic objectives	30%	Motivate our executives to (i) invest in and grow data warehouse and big data analytics technologies and market share, (ii) grow applications and integrated marketing management software market share, and (iii) continue to improve operational excellence.

The payout opportunity related to each measure ranged from 0% to 200% of the annual incentive opportunity apportioned to each measure.

GAAP Revenue and Non-GAAP Operating Income

The Compensation Committee established targets for GAAP revenue and non-GAAP operating income in February 2012. The targets were then subject to self-executing adjustments to reflect our acquisition of eCircle Beteiligungs GmbH (eCircle) on May 31, 2012. Please see the discussion under the heading *Determination of Performance* on page 32 for a more detailed description of the financial measures, the self-executing adjustments for the eCircle transaction, and the calculation of actual performance results after minor pre-approved adjustments.

Financial Measure (in millions)	200%			Actual Performance	Achievement Level
	0% (Threshold)*	100% (Target)	(Maximum)		
GAAP revenue	\$ 2,504	\$ 2,670	\$ 3,041	\$ 2,663	95.4%
Non-GAAP operating income	\$ 568	\$ 640	\$ 748	\$ 678	135.5%

* No payout could be earned for either financial measure if the threshold level of operating income was not achieved.

To reinforce our pay-for-performance culture, the 2012 target levels of performance for the revenue and operating income goals represented 13% and 15% increases, respectively, over actual 2011 results. In addition, the initial maximum payout levels for 2012 were set at relatively high levels compared to actual 2011 results: increases of 29% and 34%, respectively. As a result, our executives were required to provide significant contributions and dedication in order to attain target performance and therefore drive strong financial results year-over-year in line with our business plan.

Strategic Objectives

Unlike the financial goals, the Committee did not use pre-established targets, weightings or formulas to determine the payout level with respect to the strategic objectives. Rather, the payout level for the strategic objectives was based on the Committee's discretionary assessment of actual performance relative to an overall mix of strategic performance criteria, such as: (i) growing data warehouse and big data analytics market share by adding new accounts, expanding sales territories and revenues, enhancing technologies, and continuing our status as a market leader; (ii) growing applications and integrated marketing management software market share by enhancing Aprimo revenue and renewal rates, establishing new accounts, enhancing software, and continuing our status as a market leader; and (iii) continuing to improve operational excellence by achieving expense and product cost efficiencies, improving our product delivery and quality metrics, and maintaining our leadership position as an ethical company.

During 2012, the Committee had discussions with management regarding the status of the Company's performance against the strategic measures. In January 2013, the Committee considered a number of performance factors, including those described above, to assess the attainment of the strategic measures for 2012. In particular, during 2012, we exceeded our sales territory expansion objectives and advanced our technologies by achieving key program milestones, beat our system availability and service-level goals, were again recognized for our world-class ethics and compliance program, and overall met our new account win and order objectives although we fell somewhat short of meeting certain of these objectives. Based on its review of these factors, among other things, the Compensation Committee determined the payout level with respect to the strategic objectives, without using specific targets, weightings or formulas in reaching its conclusion. The Committee then reviewed its assessment of the appropriate payout level with the independent members of the full Board of Directors and concluded that a payout slightly below target (*i.e.*, of 93%) in respect of these measures for the named executive officers was appropriate.

Payouts

Each named executive officer was entitled to a payout under the annual incentive plan equal to 108.7% of his target bonus opportunity, which reflected a weighted average of the achievement levels for the financial measures (115.5%) and strategic measures (93%). The amount of the 2012 annual incentive payments is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table of this proxy statement on page 37.

For more information on the 2012 annual bonus program for our named executive officers, please refer to the Grants of Plan-Based Awards section on page 40 of this proxy statement.

Long-Term Incentives (Equity Awards)

The total direct compensation levels for our named executive officers are heavily weighted to long-term incentive opportunities, which generally vest over a period of three to four years. This arrangement is intended to enhance our retention incentives and focus our executives on delivering sustainable performance over the longer-term.

During 2012, we granted two long-term incentive awards: one during our regular annual grant cycle and a one-time grant of a special performance award, each as described below.

Grants During 2012-2013 Annual Grant Cycle

On November 26, 2012, the Compensation Committee established the 2012-2013 long-term incentive opportunities for our named executive officers as part of our annual grant cycle. When establishing these levels, the Committee considered a number of factors, including our goals of setting long-term incentive opportunities at

more competitive levels, increasing the percentage of total direct compensation that is allocated to long-term incentives, establishing total direct compensation at competitive levels and appropriately managing our dilution and run rate levels. Moreover, before finalizing long-term incentive award opportunities, the Committee assessed each named executive officer's general performance during the year, as well as his relative roles and responsibilities within the Company, along with internal equity considerations. The following chart provides the target long-term incentive award levels.

Named Executive Officer	2012 Long-Term Incentive Award Value
Michael Koehler	\$ 5,000,000
Stephen Scheppmann	\$ 1,200,000
Robert Fair	\$ 1,200,000
Daniel Harrington	\$ 1,200,000
Darryl McDonald	\$ 1,200,000

The Committee uses three equity vehicles as part of the annual grant cycle to deliver the long-term incentive opportunity: stock options, service-based restricted share units and performance-based restricted share units. This mix balances our goals of managing stock dilution and expense while providing meaningful retention incentives and performance-based compensation.

Annual Grant Cycle Equity Award	Weighting	Description
Stock Options	50%	<p>All stock options were granted with an exercise price equal to the fair market value of the shares on the date of grant.</p> <p>Stock options align the interests of executives with those of stockholders. The value of stock options only increases when our stock price increases, which rewards sound business decisions that lead to improved long-term performance.</p> <p>Stock options vest over a four year period in order to enhance our retention incentives and encourage focus on longer-term performance.</p>
Service-Based Restricted Share Units	25%	<p>The service-based restricted share units provide our named executive officers with the opportunity to receive shares of our common stock if they remain employed with us through the third anniversary of the date of grant.</p> <p>The service-based restricted share units are intended to help retain our executives and maintain a focus on future and continued success.</p>
Performance-Based Restricted Share Units	25%	<p>The performance-based restricted share units provide our named executive officers with the opportunity to be credited with a number units based on the extent to which we achieve certain levels of two equally-weighted financial performance metrics during 2013 – GAAP revenue and non-GAAP earnings per share.</p> <p>The earnings-per-share and revenue goals for the performance-based restricted share units, together with the financial and strategic measures under the annual bonus program, are intended to reflect a balanced mix of quantitative and qualitative performance measures and to focus our named executive officers on building sustained long-term stockholder value. The payout opportunity ranges from 25% to 200% of the units subject to the award; although no payout can be earned if performance is below the threshold level.</p>

Annual Grant Cycle Equity Award**Weighting****Description**

Once financial results for the performance period have been finalized, the Committee will certify the number of units, if any, to be credited to the executive's account based on actual performance results. The units earned, if any, vest one third on the date the Committee certifies performance results, one third on the first anniversary of the certification date, and the remaining third on the second anniversary of the certification date. This vesting schedule helps to focus our executives on generating earnings per share and revenue results that translate into sustained, long-term stockholder value.

For more information on the 2012-2013 long-term incentive awards for our named executive officers, please refer to the Grants of Plan-Based Awards section on page 40 of this proxy statement.

Special 2016 Performance Award

On December 9, 2012, the Compensation Committee approved special 2016 performance-based restricted share units for the following executives:

Named Executive Officer	Special 2016 Performance-Based Restricted Share Units
Michael Koehler	60,000
Stephen Scheppmann	40,000
Robert Fair	40,000
Daniel Harrington	40,000
Darryl McDonald	40,000

These awards were made in connection with the restructuring of our management team as an additional incentive to retain participating executives and drive strong performance over the next four years. On February 26, 2013, the Compensation Committee amended the special grant to allocate it between two separate awards: (i) 70% of the units were allocated to special 2016 performance-based restricted share units, and (ii) 30% of the units were allocated to special long-term strategic performance-based restricted share units.

Each named executive officer's opportunity to earn the special 2016 performance award is based on the extent to which Teradata achieves certain financial performance metrics during 2016 based on a GAAP revenue target, which accounts for 50% of the award opportunity, and a non-GAAP earnings per share target, which accounts for the other 50% of the award opportunity. The payout opportunity ranges from 50% to 200% of the units subject to the award. However, no payout can be earned for any financial metric if we do not attain the threshold level for the non-GAAP earnings per share metric. Moreover, payout in excess of target for any financial metric cannot occur unless we achieve both the target level for the non-GAAP earnings per share metric and a specified stock price.

Each named executive officer's opportunity to earn the special long-term strategic award generally is based on a subjective assessment of performance over a four-year period ending in 2016 relative to a mix of long-term strategic measures with respect to such matters as data warehousing technology and offerings and integrated marketing management solutions, among other things. The payout opportunity ranges from 50% to 200% of the units subject to the award. However, no payout can be earned if we do not attain a specified level of non-GAAP earnings per share.

To the extent earned, the named executive officers will only be eligible to receive payouts under these awards if they remain employed through the date in 2017 that the Compensation Committee certifies the performance results or an earlier death, disability, retirement or reduction-in-force.

Payout of 2011-2012 Performance-Based Restricted Share Units.

In December 2011, as part of our annual grant cycle, we granted performance-based restricted share units to our named executive officers, providing them the opportunity to receive a credit of restricted share units based on the extent to which we achieved certain levels of GAAP revenue and non-GAAP earnings per share, as reported in our earnings releases (*i.e.*, excluding stock-based compensation expenses and other special items) during the 2012 calendar year. The payout opportunity ranged from 25% to 200% of the units subject to the award; although no payout could have been earned if performance was below the threshold level.

The Committee established targets for the financial goals in February 2012. The targets were then subject to self-executing adjustments to reflect our acquisition of eCircle on May 31, 2012. Please see the discussion under the heading *Determination of Performance* on page 32 for a more detailed description of the financial measures, the self-executing adjustments for the eCircle transaction, and the calculation of actual performance results after a minor pre-approved adjustment.

Performance Goal (equal weight)	200%				Actual Performance	Achievement Level
	25% (Threshold)	50%	100% (Target)	(Maximum)		
GAAP Revenue (millions)	\$ 2,529	\$ 2,585	\$ 2,670	\$ 3,041	\$ 2,663	95.7%
Non-GAAP Earnings per Share	\$ 2.46	\$ 2.56	\$ 2.67	\$ 3.11	\$ 2.85	140.9%

To reinforce our pay-for-performance culture, the target levels of performance for the revenue and earnings per share goals represented 13% and 15% increases, respectively, over actual 2011 results. In addition, the 2012 maximum payout levels for 2012 were set at relatively high levels compared to actual 2011 results: increases of 29% and 34%, respectively.

Based on actual performance results, each named executive officer earned a payout equal to 118.3% of his target 2012 performance-based share unit award. This resulted in a payout of 25,754 restricted share units for Mr. Koehler and 5,921 units for the other named executive officers. One-third of the units vested on the date the Committee certified performance results, one third will vest on the first anniversary of the certification date, and the remaining third will vest on the second anniversary of the certification date, in each case subject to the executive's continued employment. This vesting schedule helps to focus our executives on generating revenue and earnings per share results that translate into sustained, long-term stockholder value.

Determination of Performance

Our GAAP revenue, non-GAAP operating income and non-GAAP earnings per share goals used in the 2012 annual bonus plan and the 2012 performance-based restricted share unit awards tie to our audited financial statements as adjusted and disclosed to investors in our quarterly earnings releases. These results are highly scrutinized by our finance and accounting departments. Moreover, the determination of the non-GAAP results is based only on standard special items, including: amortization of acquisition-related intangible assets, acquisition transaction and integration expenses, and stock-based compensation expense.

Adjustment for eCircle

The goals were subject to self-executing increases in the event of any acquisition during the year that required Board approval (*i.e.*, with a purchase price of \$20 million or more), which we refer to as a *significant acquisition*. In the event of a significant acquisition, the trigger, target and maximum performance goals for each of the financial measures would automatically increase by the amount of contribution levels included in the Board-approved business plan for the acquisition. However, the non-GAAP operating income goal and non-GAAP earnings per share goal would not change in the event that the business plan for the acquisition resulted in a negative impact on those goals for the year.

On May 31, 2012, we acquired eCircle. This transaction satisfied the definition of a significant acquisition and therefore triggered the self-executing adjustments to the performance targets.

Pre-Approved Adjustment for Determining Revenue Achievement Levels

In addition, the Committee authorized a minor adjustment to GAAP revenue for purposes of determining achievement of the performance goals for the 2012 annual bonus plan and the 2012 performance-based restricted share unit awards. Specifically, GAAP revenue results for 2012 were adjusted to exclude the impact of foreign currency exchange rates on revenue from pre-established 2012 plan rate levels so that payouts were based on operating performance and not currency translation impacts.

The following chart includes a reconciliation of our 2012 GAAP revenue to the performance of this measure as determined by the Committee:

Revenue Calculation	
GAAP Revenue (millions)	\$ 2,665.3
- Foreign Currency Adjustment	(\$2.7)
Adjusted GAAP Revenue	\$2,662.6

Compensation Consultant

The Compensation Committee directly retains Semler Brossy Consulting Group, LLC (SBCG) to assist it in developing and reviewing our executive compensation strategy and program. SBCG reports directly to the Committee and serves at the sole discretion of the Committee. It does not perform any other services for the Company. The Compensation Committee has assessed the independence of SBGC pursuant to SEC rules and concluded that no conflict of interest exists that would prevent the consulting firm from independently representing the Compensation Committee.

Compensation Peer Group

As part of this engagement, SBCG provided information to the Compensation Committee about the target market compensation levels, pay mix and overall design for the components of total direct compensation based on the pay practices of companies in our executive compensation peer group, as established by the Committee, and from a compensation survey described below.

Compensation Peer Group

In order to be included in our compensation peer group, a company had to satisfy each of the following requirements: (i) be software focused, or storage focused with a software component; (ii) have revenues of between one-third to three times our size; (iii) be publicly traded in the United States; (iv) be focused on selling business-to-business on a global basis across industries; and (v) conduct business globally.

Based on these factors, on July 23, 2012, the Compensation Committee reviewed and revised our compensation peer group to add Red Hat Inc. and Rackspace Hosting, Inc. The current compensation peer group is as follows:

Compensation Peer Group	
Adobe Systems Incorporated	NetApp, Inc.
Akamai Technologies	Open Text Corporation
Autodesk, Inc.	Rackspace Hosting, Inc.
BMC Software, Inc.	Red Hat Inc.
Brocade Communications CA, Inc.	salesforce.com
Citrix Systems Inc.	Symantec Corporation
EMC Corporation	Synopsys, Inc.
Informatica Corporation	TIBCO Software Inc.
	VMWare, Inc.

Compensation Survey

The survey information is collected from a special peer group cut of the Radford 2012 Executive Survey, which was utilized because it is focused on technology companies and technology-specific positions, and all of the companies in our current peer group participated in the survey.

Severance and Change in Control Benefits

Employment Agreement with Mr. Koehler.

We do not maintain employment agreements with our named executive officers other than an agreement with our Chief Executive Officer, which was negotiated and approved prior to our spin off from NCR Corporation in 2007. In the event the Company terminates Mr. Koehler's employment other than for cause or if he were to resign for good reason, in either case prior to a change in control, he would receive: (i) 150% of the sum of his annual base salary and target annual incentive opportunity; (ii) a pro-rata portion of his annual incentive opportunity; and (iii) medical benefits for a period of eighteen months.

Change in Control Severance Plan.

All of our named executive officers participate in the Teradata Change in Control Severance Plan (the "CIC Plan").

Business Objective	Severance Provisions
<p>The CIC Plan enhances our retention incentives by reducing the personal uncertainty that arises from the possibility of a future business combination and promotes objectivity in the evaluation of transactions that are in the best interests of our stockholders.</p>	<p>The plan provides for separation payments and benefits to our named executive officers, which were established by the Committee at the time of the spin off from NCR and reviewed annually by the Compensation Committee.</p>

Based on information provided by SBCG, change in control arrangements are used by a vast majority of the companies included in our compensation peer group, and the terms of our CIC Plan are consistent with prevailing market practices.

The plan provides benefits on a double trigger, meaning that the severance benefits are paid, and equity awards vest, only if our executives incur a qualifying termination in connection with a change in control.

In July 2012 we amended the CIC Plan to, among other things:

- ü eliminate gross-up payments related to excise taxes that may be imposed under Section 280G of the Internal Revenue Code, and
- ü raise the threshold for an acquisition of Teradata stock that would constitute a change in control from an acquisition of 30% or more to an acquisition of 50% or more of the Company's outstanding common stock or voting securities.

The amendments generally were effective as of January 1, 2013. However, under the terms of the CIC Plan, if a change in control were to occur prior to January 1, 2014, the amendments would not apply to existing participants.

More information on our Chief Executive Officer's employment agreement and the CIC Plan, including the estimated payments and benefits payable to the named executive officers, is provided under the "Potential Payments Upon Termination or Change in Control" section beginning on page 45 of this proxy statement.

Additional Executive Compensation Practices

Compensation Practice	Description
Risk Assessment	<p>Members of management from our human resources, legal and risk management groups assessed whether our compensation policies and practices encourage excessive or inappropriate risk taking by our employees.</p>

This assessment included a review of the risk characteristics of our business, our internal controls and related risk management programs, the design of our incentive plans and policies, and the impact of risk mitigation features.

Management reported its findings to the Compensation Committee and the Audit Committee of the board, and after review and discussion, the Compensation Committee concluded that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on our business.

Compensation Practice

Description

Consideration of Say on Pay Vote

At our 2012 Annual Meeting, our stockholders supported our executive compensation program by approving the compensation of our named executive officers by a vote of approximately 91% of the shares represented by person or by proxy at the meeting.

The Compensation Committee views this result as confirmation that our compensation program, with its emphasis on pay-for-performance, is structured and designed to achieve our stated goals. We will continue to emphasize pay-for-performance alignment.

Equity Grant Approval Policy

Under our equity grant approval policy, we generally grant annual equity awards at the regular meeting of the Compensation Committee that occurs during the period beginning on the later of (i) two days after we announce our third quarter results or (ii) the date we file our third quarter report on Form 10-Q, and ending on December 15. This typically will be the meeting that falls in the week following the Thanksgiving holiday each year.

The grant date of the annual equity awards is the date the independent members of the board approve the CEO's annual equity award, which is generally the date immediately following the annual awards meeting of the Compensation Committee.

Clawback and Harmful Activity Policies:

We maintain a Compensation Recovery Policy (commonly referred to as a clawback policy), which generally provides that the Company may recover performance-based compensation if payout was based on financial results that were subsequently restated. The policy supports the accuracy of our financial statements and, in conjunction with our stock ownership guidelines, helps to align the interests of our named executive officers with those of our stockholders. In light of our pay-for-performance culture, we felt strongly that our executives should be held to this higher standard of accountability.

We also retain the right to cancel outstanding equity awards and recover realized gains if executives engage in certain harmful activity, such as violating a non-competition or non-solicitation covenant.

Tax Deductibility Policy

Under Section 162(m) of the Internal Revenue Code, certain compensation in excess of \$1 million annually is not deductible for federal income tax purposes unless it qualifies as performance-based compensation.

Our annual incentive opportunity, stock options and performance-based restricted share units granted in 2012 were intended to qualify as performance-based compensation for purposes of Section 162(m) and to be fully deductible for federal income tax purposes.

However, the Committee has not adopted a policy that requires all compensation to be deductible because we want to preserve the ability to award compensation that is not deductible if we believe that it is in our stockholders' best interests.

COMPENSATION TABLES

2012 Summary Compensation Table

The following table summarizes the total compensation paid to, or earned by, each of our named executive officers for the fiscal year ended December 31, 2012 and the prior two fiscal years. The narrative following the table describes total compensation levels, current employment agreements and material employment terms for each of our named executive officers, as applicable. The 2012 Target Compensation supplemental table following this table also provides additional information regarding the 2012 total direct compensation levels for our named executive officers as approved by the Committee.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards ⁽¹⁾ (\$)	Option Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾ (\$)	Total (\$)
Michael Koehler President and Chief	2012	700,000		6,161,043	2,428,243	951,125	15,236	10,255,647
	2011	700,000		2,455,132	2,247,278	1,392,125	14,986	6,809,521
Executive Officer	2010	700,000		3,077,778	2,236,031	1,305,304	14,986	7,334,099
Stephen Scheppmann EVP and Chief Financial	2012	436,047		2,965,092	582,782	426,333	14,455	4,424,709
	2011	427,471		533,366	516,624	577,784	14,166	2,069,412
Officer	2010	419,066		647,840	462,622	532,547	14,129	2,076,203
Robert Fair EVP and Chief Marketing and Information	2012	381,012		2,965,092	582,782	372,523	14,208	4,315,612
Officer ⁽⁵⁾	2011	373,518		595,474	516,624	504,859	13,924	2,004,400
	2010	366,174		723,255	565,430	465,332	13,892	2,134,082
Daniel Harrington EVP, Services ⁽⁵⁾	2012	381,012		2,965,092	582,782	372,523	14,208	4,315,612
	2011	373,518		595,474	516,624	504,859	13,924	2,004,400
	2010	366,174		723,255	565,430	465,332	13,892	2,134,083
Darryl McDonald EVP, Applications ⁽⁵⁾	2012	381,012		2,965,092	582,782	372,523	14,208	4,315,612
	2011	369,242		595,474	516,624	497,962	13,785	1,993,088
	2010	335,660		742,996	565,430	426,555	13,892	2,084,533

- (1) 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 (FASB ASC Topic 718), of service-based restricted share units (RSUs) and performance-based restricted share units (PBRsUs), based on target achievement level, granted to our named executive officers in the applicable year. See Note 5 of the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2012 (our 2012 Annual Report) for an explanation of the assumptions made in valuing these awards. For 2012, this column includes the following awards: (i) an annual grant of RSUs that was approved by the Committee in November 2012; (ii) an annual grant of PBRsUs that was approved by the Committee in November 2011 and for which performance goals were established in February 2012 (the annual PBRsUs); and (iii) a one-time grant of PBRsUs that will vest based on the extent to which certain performance metrics are satisfied in 2016 (the Special 2016 PBRsUs) that was approved by the Committee in December 2012, and subsequently amended by the Committee on February 26, 2013 to allocate the award between two separate awards as described in the Compensation Discussion and Analysis on page 31 of this proxy statement. For the annual PBRsUs and Special 2016 PBRsUs, the following table sets forth the target number of units, their target grant date fair value reflected in the Stock Awards column above, and their grant date fair value assuming that the highest level of performance would be achieved. For information about these awards, see the Grants of Plan-Based Awards section beginning on page 40 of this proxy statement.

Name	Award	PBRsUs included at Target		Probable Grant	Maximum Grant
		(#)		Date Fair Value	Date Fair Value
Michael Koehler	Annual PBRsU	21,770		\$ 1,435,078	\$ 2,870,157
	Special 2016 PBRsU	60,000		\$ 3,517,800	\$ 5,124,600
Stephen Scheppmann	Annual PBRsU	5,005		\$ 329,930	\$ 659,859
	Special 2016 PBRsU	40,000		\$ 2,345,200	\$ 3,416,400
Robert Fair	Annual PBRsU	5,005		\$ 329,930	\$ 659,859
	Special 2016 PBRsU	40,000		\$ 2,345,200	\$ 3,416,400
Daniel Harrington	Annual PBRsU	5,005		\$ 329,930	\$ 659,859
	Special 2016 PBRsU	40,000		\$ 2,345,200	\$ 3,416,400
Darryl McDonald	Annual PBRsU	5,005		\$ 329,930	\$ 659,859
	Special 2016 PBRsU	40,000		\$ 2,345,200	\$ 3,416,400

- (2) This column shows the aggregate grant date fair value, as determined in accordance with FASB ASC Topic 718, of the stock options granted to our named executive officers for the applicable year. See Note 5 of the Notes to Consolidated Financial Statements contained in our 2012 Annual Report for an explanation of the assumptions made in valuing these awards. For information about the stock option awards granted in 2012, see the Grants of Plan-Based Awards section beginning on page 40 of this proxy statement.
- (3) This column reflects the cash bonus paid to our named executive officers under the Teradata Corporation Management Incentive Plan (MIP) for the applicable year. For more information concerning the 2012 annual incentive, see the Annual Incentives (Annual Bonus Awards) discussion in the Compensation Discussion and Analysis section beginning on page 25 of this proxy statement.
- (4) The amounts reported in this column for 2012 include the following amounts:

The dollar value of premiums paid to maintain life insurance for the benefit of each of Messrs. Koehler, Scheppmann, Fair, Harrington, and McDonald in the amount of \$2,736, \$1,955, \$1,708, \$1,708, and \$1,708, respectively, under the Company's life insurance program that is generally available to all U.S. employees; and

The dollar value of matching contributions to our 401(k) plan, which are generally available to all plan participants, and were made in 2012 on behalf of each of Messrs. Koehler, Scheppmann, Fair, Harrington, and McDonald was in the amount of \$12,500, respectively.

- (5) Appointed to this new role, effective as of January 1, 2013.

2012 Target Compensation

In November 2012, the Committee approved the long-term incentive award opportunity for each named executive officer. The long-term incentive opportunity was allocated as follows: (i) 50% to stock options, which are reflected in the Option Awards column for 2012, (ii) 25% to RSUs, which are reflected in the Stock Awards column for 2012, and (iii) 25% to annual PBRsUs. The annual PBRsUs that were approved in 2012 are not reflected in the Stock Awards column for 2012 due to the fact that they do not have a grant date for financial accounting purposes until the Committee establishes the performance goals in the first quarter of 2013. Instead, the Stock Awards column for 2012 includes the annual PBRsUs that were approved by the Committee in November 2011 and for which the Committee approved the applicable performance goals in February 2012 for the 2012 performance period, as well as the Special 2016 PBRsUs. As a result, the Summary Compensation Table does not reflect the manner in which the Committee viewed or determined the 2012 long-term equity or annual total compensation values for our named executive officers. The following table shows the target total direct compensation levels for our named executive officers as viewed by the Committee in 2012, excluding the Special 2016 PBRsUs because they were a one-time award and not part of the annual compensation process.

Name	Salary (\$)	Target Value Annual Incentive (\$)	Target Value of PBRsUs Awards (\$)	Target Value of RSU Awards (\$)	Target Value of Option Awards (\$)	Total Direct Compensation (\$)
Michael Koehler	700,000	875,000	1,250,000	1,250,000	2,500,000	6,575,000
Stephen Scheppmann	437,218	393,496	300,000	300,000	600,000	2,030,714
Robert Fair	382,035	343,831	300,000	300,000	600,000	1,925,866
Daniel Harrington	382,035	343,831	300,000	300,000	600,000	1,925,866
Darryl McDonald	382,035	343,831	300,000	300,000	600,000	1,925,866

Employment Agreements and Material Employment Terms

We maintain letter agreements with each of the named executive officers. Each letter agreement sets forth, among other things, the following terms relating to the officer's employment as of the spin off: (i) annual base salary and annual incentive award opportunity; (ii) the terms of the equity grant awarded to the named executive officer in connection with the spin off; (iii) a statement of eligibility for participation in our change in control severance plan; and (iv) a statement of the vacation and health and welfare benefits available to each officer. In addition, by accepting the terms of the letter, each named executive officer agreed to the following covenants during and for twelve months following his termination of employment, unless such covenants are waived by the board: (x) not to render services directly or indirectly to a competing organization; (y) not to directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of Teradata to terminate his employment with or otherwise cease his relationship with Teradata; and (z) not to solicit the business of any firm or company, including customers, with whom the officer worked during the last two years of employment.

The letter agreement with Mr. Koehler also establishes the terms of his severance benefits upon a qualifying termination prior to a change in control and specifies that he is eligible to participate as a Tier I participant in our change in control severance plan. Please refer to the Potential Payments Upon Termination or Change in Control section of this proxy statement for information regarding potential payments and benefits that Mr. Koehler is entitled to receive under his offer letter in connection with his termination of employment.

2012 Grants of Plan-Based Awards

The following table summarizes information for each named executive officer regarding (i) estimated payouts that could have been earned under the 2012 annual bonus program under the MIP, (ii) stock options that were approved by the Committee in November 2012, (iii) RSUs that were approved by the Committee in November 2012, (iv) estimated payouts under the annual PBRsUs that were approved by the Committee in November 2011 and for which performance goals were established in February 2012, and (v) estimated payouts under the Special 2016 PBRsUs that were approved by the Committee in December 2012.

Name	Grant Date	Approval Date ⁽¹⁾	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ⁽²⁾			Estimated Possible Payouts Under Equity Incentive Plan Awards ⁽³⁾			All Other Stock Awards: Number of Shares of Stock Units ⁽⁴⁾	Option Awards: Number of Shares of Underlying Options ⁽⁵⁾	Exercise or Base Price of Option Awards ⁽⁶⁾	Grant Date Fair Value of Stock and Option Awards ⁽⁷⁾
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Michael Koehler												
MIP				875,000	1,750,000							
Options	11/27/2012	11/27/2012								108,841	61.55	2,428,243
RSUs	11/27/2012	11/27/2012						19,629				1,208,165
Annual PBRsUs	2/28/2012	11/29/2011				5,443	21,770	43,540				1,435,078
Special 2016 PBRsUs	12/10/2012	12/9/2012				30,000	60,000	120,000				3,517,800
Stephen Scheppmann												
MIP				392,210	784,420							
Options	11/27/2012	11/26/2012								26,122	61.55	582,782
RSUs	11/27/2012	11/26/2012						4,711				289,962
Annual PBRsUs	2/28/2012	11/28/2011				1,251	5,005	10,010				329,930
Special 2016 PBRsUs	12/10/2012	12/9/2012				20,000	40,000	80,000				2,345,200
Robert Fair												
MIP				342,708	685,416							
Options	11/27/2012	11/26/2012								26,122	61.55	582,782
RSUs	11/27/2012	11/26/2012						4,711				289,962
Annual PBRsUs	2/28/2012	11/28/2011				1,251	5,005	10,010				329,930
Special 2016 PBRsUs	12/10/2012	12/9/2012				20,000	40,000	80,000				2,345,200
Daniel Harrington												
MIP				342,708	685,416							
Options	11/27/2012	11/26/2012								26,122	61.55	582,782
RSUs	11/27/2012	11/26/2012						4,711				289,962
Annual PBRsUs	2/28/2012	11/28/2011				1,251	5,005	10,010				329,930
Special 2016 PBRsUs	12/10/2012	12/9/2012				20,000	40,000	80,000				2,345,200
Darryl McDonald												
MIP				342,708	685,416							
Options	11/27/2012	11/26/2012								26,122	61.55	582,782
RSUs	11/27/2012	11/26/2012						4,711				289,962
Annual PBRsUs	2/28/2012	11/28/2011				1,251	5,005	10,010				329,930
Special 2016 PBRsUs	12/10/2012	12/9/2012				20,000	40,000	80,000				2,345,200

- (1) The Committee approves the annual equity awards for our named executive officers other than Mr. Koehler. In consultation with the Committee, the independent members of the board approve Mr. Koehler's annual equity award. In general, the grant date of the annual equity awards is the date the independent members of the board approve Mr. Koehler's annual equity award, which is the day immediately following the annual awards meeting of the Committee. The grant date of the annual PBRsUs, however, occurs in the first quarter of the year immediately following the year of approval, which is when the Committee establishes the applicable performance goals. Therefore,

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this table reflects annual PBRsUs that were approved by the Committee in November 2011 and for which the Committee established performance goals in the first quarter of 2012. The annual PBRsUs that were approved by the Committee in November 2012 are not reflected in the table above because they do not have a grant date for financial accounting purposes until the Committee establishes the performance goals in the first quarter of 2013. For the Special 2016 PBRsUs, the Committee approved the grant and the related financial performance goals in December 2012, and therefore those awards are included in the table for 2012.

- (2) The information included in the Threshold , Target and Maximum columns reflects the range of potential payouts under the 2012 annual bonus program under the MIP when the performance goals were established by the Committee.

The actual amounts of the annual incentive awards earned under the MIP for 2012 are reflected in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

- (3) The information included in the Threshold, Target and Maximum columns reflects the range of potential payouts under the annual PBRsUs and the Special 2016 PBRsUs. The actual number of the annual PBRsU units delivered was determined based on the extent to which the Company achieved the applicable performance goals for the applicable period and the actual number of Special 2016 PBRsUs will be determined based on the extent to which the Company achieves the applicable financial performance goals for these awards and, as described in the Compensation Discussion and Analysis on page 31 of this proxy statement, certain strategic measures following allocation of this award into two separate awards. For the annual PBRsUs, the units delivered generally vest in three equal installments on February 11, 2013, 2014 and 2015, and for the Special 2016 PBRsUs, the units generally vest in March 2017, in each case based on the extent to which the performance goals for the applicable performance period are achieved, and provided the executive remains employed by the company or an earlier death, disability, retirement or reduction-in-force. Dividends, if any, paid on the underlying shares during the vesting period are accumulated and reinvested in additional units.
- (4) Reflects shares underlying the RSUs that were approved by the Committee in November 2012. These RSUs generally vest on the third anniversary of the date of grant, provided that the executive remains employed with the Company. Dividends, if any, paid on the underlying shares during the vesting period are accumulated and reinvested in additional units.
- (5) Reflects the number of common shares that may be issued to the named executive officers on exercise of stock options that were approved by the Committee in November 2012. These options generally vest in four equal installments on the first four anniversaries of the date of grant for so long as the executive remains employed by the Company.
- (6) Reflects the exercise price for each stock option reported in the table, which equals the fair market value of the underlying shares on the date of grant.
- (7) Reflects the aggregate grant date fair value, as determined in accordance with FASB ASC Topic 718, of each equity award listed in the table. See footnotes 1 and 2 of the Summary Compensation Table on pages 37-38 of this proxy statement for the assumptions used to calculate the grant date fair value.

2012 Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information for each named executive officer with respect to (i) each stock option that had not been exercised and remained outstanding as of December 31, 2012, (ii) each award of restricted stock and RSUs that had not vested and remained outstanding as of December 31, 2012, and (iii) the Special 2016 PBRsUs.

Name	Grant Date	Option Awards			Stock Awards		Equity Incentive Plan Awards		
		Number of Securities Underlying Unexercised Options ⁽¹⁾ (#)	Number of Securities Underlying Unexercised Options ⁽²⁾ (#)	Option Exercise Price ⁽³⁾ (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ⁽⁴⁾ (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁵⁾ (\$)	Number of Unearned Shares, Units or Other Rights that have not Vested ⁽⁶⁾ (#)	Market Value of Unearned Shares, Units or Other Rights that have not Vested ⁽⁷⁾ (\$)
Michael Koehler	12/10/2012							60,000	3,713,400
	11/27/2012		108,841	61.55	11/26/2022	19,629	1,214,839		
	2/28/2012					21,770	1,347,345		
	11/29/2011	31,108	93,326	50.70	11/28/2021	21,770	1,347,345		
	3/21/2011					46,945	2,905,426		
	11/30/2010	78,733	78,734	41.09	11/29/2020	26,872	1,663,108		
	3/30/2010					39,188	2,425,345		
	12/1/2009	139,877	46,626	30.68	11/30/2019				
	12/2/2008	679,612		13.77	12/1/2018				
	10/1/2007	148,386		27.98	9/30/2017				
Stephen Scheppmann	12/10/2012							40,000	2,475,600
	11/27/2012		26,122	61.55	11/26/2022	4,711	291,564		
	2/28/2012					5,005	309,759		
	11/29/2011	7,151	21,455	50.70	11/28/2021	5,005	309,759		
	3/21/2011					9,713	601,138		
	11/30/2010	16,289	16,290	41.09	11/29/2020	5,560	344,108		
	3/30/2010					8,327	515,358		
	12/1/2009	29,724	9,908	30.68	11/30/2019				
	12/2/2008	18,631		13.77	12/1/2018				
	10/1/2007	50,752		27.98	9/30/2017				
Robert Fair	12/10/2012							40,000	2,475,600
	11/27/2012		26,122	61.55	11/26/2022	4,711	291,564		
	2/28/2012					5,005	309,759		
	11/29/2011	7,151	21,455	50.7	11/28/2021	5,005	309,759		
	3/21/2011					11,871	734,696		
	11/30/2010	19,909	19,910	41.09	11/29/2020	6,795	420,543		
	3/30/2010					8,817	545,684		
	12/1/2009	31,472	10,491	30.68	11/30/2019				
	12/2/2008	135,922		13.77	12/1/2018				
	10/1/2007	25,376		27.98	9/30/2017				
3/1/2007	9,806		24.87	2/28/2017					
Daniel Harrington	12/10/2012							40,000	2,475,600
	11/27/2012		26,122	61.55	11/26/2022	4,711	291,564		
	2/28/2012					5,005	309,759		
	11/29/2011	7,151	21,455	50.7	11/28/2021	5,005	309,759		
	3/21/2011					11,871	734,696		
	11/30/2010	9,955	19,910	41.09	11/29/2020	6,795	420,543		
	3/30/2010					8,817	545,684		
	12/1/2009	10,491	10,491	30.68	11/30/2019				
	12/2/2008	33,981		13.77	12/1/2018				
	1/3/2000					7,777	481,319		
Darryl McDonald	12/10/2012							40,000	2,475,600

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11/27/2012		26,122	61.55	11/26/2022	4,711	291,564
2/28/2012					5,005	309,759
11/29/2011	7,151	21,455	50.7	11/28/2021	5,005	309,759
3/21/2011					11,871	734,696
11/30/2010	19,909	19,910	41.09	11/29/2020	6,795	420,543
3/30/2010					9,210	570,007
12/1/2009	32,871	10,957	30.68	11/30/2019		
12/2/2008	135,922		13.77	12/1/2018		
10/1/2007	22,839		27.98	9/30/2017		
3/1/2007	9,806		24.87	2/28/2017		

- (1) This column shows the number of common shares underlying outstanding stock options that have vested as of December 31, 2012.
- (2) This column shows the number of common shares underlying outstanding stock options that have not vested as of December 31, 2012. The remaining vesting dates for each award are as follows:

Grant

Date	Remaining Vesting Dates	Vesting Schedule
12/1/2009	12/1/2013	25% vests each year for four years after the date of grant
11/30/2010	11/30/2013, 11/30/2014	25% vests each year for four years after the date of grant
11/29/2011	11/29/2013, 11/29/2014, 11/29/2015	25% vests each year for four years after the date of grant
11/27/2012	11/27/2013, 11/27/2014, 11/27/2015, 11/27/2016	25% vests each year for four years after the date of grant

- (3) This column shows the exercise price for each stock option reported in the table, which equaled the fair market value per share on the date of grant.
- (4) This column shows the aggregate number of restricted shares and RSUs outstanding as of December 31, 2012. The remaining vesting dates for each award are as follows:

Grant

Date	Remaining Vesting Dates	Vesting Schedule
1/3/2000	4/30/2018	100% vests on 55 th birthday
3/30/2010	2/14/2013	1/3 increments over a 3-year time period after performance level determination is made by the Committee
11/30/2010	11/30/2013	100% vests three years from date of grant
3/21/2011	11/30/2013	100% vests three years from the Committee's determination to award the grant; the Grant Date of 3/21/2011 reflects the date on which the performance metrics were determined
11/29/2011	11/29/2014	100% vests three years from date of grant
2/28/2012	2/11/2013, 2/11/2014, 2/11/2015	1/3 increments over a 3-year time period after performance level determination is made by the Committee
11/27/2012	11/27/2015	100% vests three years from date of grant
12/10/2012	2017	100% vests on the date the Committee determines the performance level, which will occur in the first quarter of 2017 after the close of the 2016 performance year

- (5) This column shows the aggregate dollar value of the restricted stock and RSUs using the closing stock price on December 31, 2012 of \$61.89 per share.
- (6) This column shows the aggregate number of Special 2016 PBRsUs outstanding as of December 31, 2012. These awards vest in March 2017, provided that the applicable performance goals have been achieved.
- (7) This column shows the aggregate dollar value of the Special 2016 PBRsUs using the closing stock price on December 31, 2012 of \$61.89 per share.

2012 Option Exercises and Stock Vested

The following table sets forth information for each named executive officer with respect to (i) the exercise of stock options in 2012, (ii) the vesting of RSUs during 2012, and (iii) the vesting of annual PBRsUs during 2012.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽¹⁾ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ⁽²⁾ (\$)
Michael Koehler	116,776	5,020,847	39,188	2,435,926
Stephen Scheppmann	157,451	8,446,478	8,327	517,606
Robert Fair	75,736	3,878,206	8,817	548,065
Daniel Harrington	210,400	9,626,205	8,817	548,065
Darryl McDonald	42,342	2,254,277	9,210	572,494

(1) The value realized equals the number of shares underlying the stock options multiplied by the excess of (i) the closing market price of our common stock on the date of exercise, over (ii) the exercise price per share of the option.

(2) The value realized on vesting equals the number of shares acquired multiplied by the closing market price of our common stock on the acquisition date.

Pension Benefits

We do not sponsor or maintain any pension plans.

Non-qualified Deferred Compensation

We have not adopted any non-qualified defined contribution plans or other deferred compensation plans.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL
Background

We have entered into agreements and maintain plans and arrangements that require us to pay or provide compensation and benefits to each of the named executive officers in the event of certain terminations of employment or a change in control. The estimated amount payable or provided to each named executive officer in each situation is summarized below. These estimates are based on the assumption that the various triggering events occurred on the last day of 2012, along with other material assumptions noted below. The actual amounts that would be paid to a named executive officer upon termination or a change in control can only be determined at the time the actual triggering event occurs.

The estimated amount of compensation and benefits described below does not take into account compensation and benefits that a named executive officer has earned prior to the applicable triggering event, such as equity awards that have previously vested in accordance with their terms or vested benefits otherwise payable under our compensation programs. As a result, the estimates below do not provide information on the payout of the annual incentive awards under the MIP, because these awards were earned under such plan as of December 31, 2012, subject to Committee approval, regardless of whether the executive terminated employment or a change in control occurred on that date. Please refer to the Outstanding Equity Awards at Fiscal Year-End table for a complete summary of each named executive officer's vested equity awards and the Summary Compensation Table for the annual incentives earned by our named executive officers in 2012.

Treatment of Equity Awards on Termination of Employment (not in Connection with a Change in Control)

The following chart summarizes the vesting treatment of our equity awards in the event of termination of employment, other than termination in connection with a change in control. The vesting treatment described below is conditioned upon the participant's compliance with non-competition and non-solicitation provisions for at least a twelve-month period, as well as confidentiality restrictions. Our RSUs and PBRsUs generally pay out upon vesting. However, to the extent necessary to comply with Section 409A of the Internal Revenue Code and avoid triggering adverse tax consequences to our executives, payment of vested RSUs and PBRsUs may be delayed until termination of employment, six months after termination of employment, or the end of the scheduled performance or service period.

Situation	Service-Based Restricted Share Units	Performance-Based	
		Restricted Share Units	Stock Options
Death and Long-term Disability (LTD)	Awards vest in full upon the date of death or LTD.	<p>In the event of death or LTD during the performance period, a pro-rata portion of the award, calculated as of the date of death or LTD, will become vested based on actual results during the performance period.</p> <p>In the event of death or LTD after the end of the performance period and prior to payment, awards vest in full, to the extent earned, upon the date of death or LTD.</p>	Awards vest in full upon the date of death or LTD. Awards granted after 2008 remain exercisable until the later of the expiration of the ten-year term or three years after death or LTD. Awards granted in 2007 and 2008 remain exercisable until the later of the expiration of the ten-year term or (a) one year after death or LTD, if death or LTD occurs prior to age 55, or (b) three years after death or LTD, if death or LTD occurs on or after age 55.

Situation	Performance-Based		
	Service-Based Restricted Share Units	Restricted Share Units	Stock Options
Retirement	Subject to Committee approval, a pro-rata portion will become vested as of date of retirement.	Subject to Committee approval, a pro-rata portion of the award, calculated as of retirement, will become vested based on actual results during the performance period.	Unvested awards are forfeited. Vested awards expire the earlier of three years following retirement date or the expiration date.
Termination due to Reduction in Force (RIF)	A pro-rata portion will become vested as of date of RIF.	A pro-rata portion of the award, calculated as of the date of RIF, will become vested based on actual results during the performance period.	Unvested awards are forfeited. Vested awards expire the earlier of the fifty-ninth day after termination or the expiration date.
Voluntary Resignation	Award is forfeited.	Award is forfeited.	Unvested awards are forfeited. Vested awards expire the earlier of the fifty-ninth day after termination or the expiration date.

The term *retirement* generally means termination of employment on or after age 55 (with the consent of the Committee, where applicable) and, for the Special 2016 PBRsUs, retirement at or after age 62.

Offer Letter with Mr. Koehler

Under his offer letter, in the event that, prior to a change in control, Mr. Koehler's employment is terminated without cause or he resigns for good reason, Mr. Koehler would be entitled to receive a severance payment equal to 1.5 times his annual base salary and target bonus, a pro-rated bonus based on actual achievement for the year of termination and continued medical benefits for eighteen months, subject to his execution and non-revocation of a release of claims. The terms *cause* and *good reason* have the meanings provided in the Change in Control Severance Plan described below.

Death or Disability

We would have provided each named executive officer or his beneficiary with the following estimated payments or benefits had he died or become disabled on December 31, 2012.

Executive	Restricted				
	Life Insurance (\$) ⁽¹⁾	Disability Payments (\$) ⁽²⁾	Stock Options (\$) ⁽³⁾	Share Units (\$) ⁽³⁾	Total (\$)
Michael Koehler	1,200,000	674,095	4,174,125	11,209,280	17,257,500
Stephen Scheppmann	857,300	513,862	896,992	2,442,022	4,710,176
Robert Fair	749,100	528,063	990,452	2,682,313	4,949,928
Daniel Harrington	749,100	528,063	990,452	3,163,631	5,431,246
Darryl McDonald	2,996,400	547,275	1,368,272	2,706,635	7,618,582

- (1) Proceeds would be payable by a third-party insurer. Benefits provided upon death depend on the individual level of benefits chosen by the named executive officer during the annual benefits enrollment process. The named executive officers receive the same company-provided life insurance coverage as is generally offered

to U.S.-based employees. The coverage is 200% of base salary for life insurance. Each employee has the option of choosing a higher level of coverage at his or her own expense. Messrs. Koehler, Scheppmann, Harrington and Fair each opted for core coverage for 2012, while Mr. McDonald opted for higher coverage.

- (2) Benefits provided upon disability depend on the individual level of benefits chosen by the named executive officer during the annual benefits enrollment process. The named executive officers receive the same short-term and long-term disability coverage as is generally offered to U.S.-based employees. The core coverage is (i) for short-term disability, 100% of base salary for two to eighteen weeks depending on years of service and 66 2/3% of base salary for the remainder of a twenty-six week period, and (ii) for long-term disability, 50% of base salary (up to a maximum monthly payment of \$15,000) for the duration of an employee's long-term disability. Each U.S. employee has the option of choosing a higher level of coverage at his or her own expense. Messrs. Koehler, Scheppmann, Harrington and Fair each opted for core coverage for 2012, while Mr. McDonald opted for higher coverage. The payments above assume maximum payout based on each named executive officer's coverage election for twenty-six weeks of short-term disability plus two years of long-term disability.

- (3) Equity valuations are based on a closing price of our stock on December 31, 2012 of \$61.89.

Retirement

We would have provided each named executive officer with the following estimated payments if he had retired with Committee approval on December 31, 2012.

Executive	Restricted Share	
	Units (\$) ⁽¹⁾⁽²⁾	Total (\$)
Michael Koehler	6,325,143	6,325,143
Stephen Scheppmann	1,346,444	1,346,444
Robert Fair		
Daniel Harrington		
Darryl McDonald		

- (1) Equity valuations are based on a closing price of our stock on December 31, 2012 of \$61.89.

- (2) Only Messrs. Koehler and Scheppmann were eligible for retirement (age 55) on December 31, 2012.

Reduction in Force Severance

Each named executive officer would have been entitled to the following estimated payments and benefits if, on December 31, 2012, we terminated the executive's employment in connection with a reduction in force prior to, or more than two years after, a change in control.

Executive	Cash (\$) ⁽¹⁾	Restricted Share		Welfare Benefits (\$)	Out-placement Counseling (\$)	Total (\$)
		Units (\$) ⁽²⁾				
Michael Koehler	2,362,500	6,325,143		15,887	10,000	8,713,530
Stephen Scheppmann	214,325	1,346,444			10,000	1,570,769
Robert Fair	187,275	1,515,079			10,000	1,712,354
Daniel Harrington	187,275	1,515,079			10,000	1,712,354
Darryl McDonald	187,275	1,536,361			10,000	1,733,636

- (1)

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The cash severance payment would be payable to Mr. Koehler under the terms of his offer letter. The amount does not reflect Mr. Koehler's pro-rata bonus for the year of termination. This is because we are required to assume a termination date of December 31, 2012. On this date, Mr. Koehler would have already

earned his 2012 bonus regardless of whether he terminated employment. Please refer to the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Mr. Koehler's 2012 bonus. Amounts for the named executive officers other than Mr. Koehler are based on cash payments that would be paid under our reduction in force programs that are generally available to salaried, U.S. based employees.

(2) Equity valuations are based on a closing price of our stock on December 31, 2012 of \$61.89.

Termination without Cause or Termination for Good Reason (not in Connection with a Change in Control)

Mr. Koehler would have been entitled to the following estimated payments and benefits under his offer letter if, on December 31, 2012, and not in connection with a change in control or reduction in force, we terminated his employment without cause or he terminated his employment for good reason. We do not have a similar agreement with any of the other named executive officers.

Executive	Cash (\$)	Restricted Share Units (\$)	Welfare Benefits (\$)	Total (\$)
Michael Koehler ⁽¹⁾	2,362,500		15,887	2,378,387
Stephen Scheppmann				
Robert Fair				
Daniel Harrington				
Darryl McDonald				

(1) Amounts shown would be payable to Mr. Koehler under the terms of his offer letter. The amount does not reflect Mr. Koehler's pro-rata bonus for the year of termination. This is because we are required to assume a termination date of December 31, 2012. On this date, he would have already earned his 2012 bonus regardless of whether he terminated employment. Please refer to the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Mr. Koehler's 2012 bonus.

Treatment upon Change in Control or Termination of Employment in Connection with a Change in Control

Change in Control Severance Plan

We maintain the Teradata Change in Control Severance Plan to help retain key executives by reducing personal uncertainty that may arise from the possibility of a change in control, and to promote their objectivity and neutrality in evaluating transactions that may be in the best interest of the company and its shareholders. This plan establishes objective criteria to determine whether a change in control has occurred, and provides for severance payments and benefits on a double trigger basis (including vesting of equity awards that are assumed in a change in control transaction). The double trigger design is intended to further our goals to retain key executives upon a change in control.

On July 24, 2012, our Board of Directors amended the Change in Control Severance Plan, effective as of January 1, 2013, to raise the threshold for an acquisition of our stock that will constitute a change in control and to eliminate gross-up payments related to excise taxes that may be imposed on participating executives under Section 280G of the Internal Revenue Code. However, if a change in control occurs prior to January 1, 2014, then, under the amendment procedures of the Change in Control Severance Plan for participants as of January 1, 2013 (including all of our named executive officers), the amendment eliminating tax gross-up payments would not apply, and those participants would be entitled to the benefits provided under the former terms of the Change in Control Severance Plan. Under the former terms of the Change in Control Severance Plan, as in effect from the spin off from NCR until the amendment described above, a conditional gross-up for excise and related taxes would have been provided to plan participants in the event that severance compensation and other benefits (whether pursuant to our change in control severance plan or otherwise) constituted excess parachute

payments, as defined in Section 280G of the Internal Revenue Code. Such a tax gross-up would have been provided under the former terms of the Change in Control Severance Plan if the aggregate parachute value of all severance and other change in control payments to the executive exceeded 110% of the maximum amount that may have been paid without imposition of an excise tax.

Each named executive officer participates in the Change in Control Severance Plan. Under this plan, if the executive's employment is terminated by us other than for cause, death or disability or if the executive resigns for good reason within two years after a change in control (or within six months prior to a change in control, if the executive can demonstrate that the termination occurred in connection with a change in control), then Teradata or its successor will be obligated to pay or provide the following benefits:

A lump sum payment equal to 3.0 times for Mr. Koehler, and 2.0 times for the other named executive officers, of the executive's annual base salary and annual incentive. For this purpose, annual incentive generally means the average annual incentive earned for the prior three years;

A lump sum payment equal to a pro-rata portion of the average annual incentive earned for the prior three years;

Continued medical, dental and life insurance coverage for three years for Mr. Koehler and two years for the other named executive officers; and

Continued outplacement and financial counseling services, if such services are offered at such time, for one year.

The plan provides that upon termination of employment, each participant is prohibited from soliciting our employees for a one-year period and is subject to confidentiality restrictions. Moreover, each participant is required to sign a release of all claims against the Company prior to receiving severance benefits under the plan.

For purposes of the plan, the term cause generally means the willful and continued failure to perform assigned duties or the willful engaging in illegal or gross misconduct that materially injures the company. The term good reason generally means (i) a reduction in duties or reporting requirements, (ii) a reduction in base salary, (iii) failure to pay incentive compensation when due, (iv) a reduction in target or maximum incentive opportunities, (v) a failure to continue the equity award or other employee benefit programs, (vi) a relocation of an executive's office by more than forty miles (provided that it also increases his commute by more than 20 miles), or (vii) failure to require a successor to assume the plan.

The term change in control generally means any of the following: (i) an acquisition of 50% or more of our stock by any person or group, other than the Company, our subsidiaries or employee benefit plans; (ii) a change in the membership of our Board of Directors, such that the current incumbents and their approved successors no longer constitute a majority; (iii) a reorganization, merger, consolidation or sale or other disposition of substantially all of our assets in which any one of the following is true: our old stockholders do not hold at least 50% of the combined enterprise, there is a 50%-or-more shareholder of the combined enterprise (other than as a result of conversion of the shareholder's pre-combination interest in the Company), or the members of our Board of Directors (immediately before the combination) do not make up a majority of the board of the combined enterprise; or (iv) stockholder approval of a complete liquidation.

Treatment of Equity Awards

As described above, the Teradata Change in Control Severance Plan generally provides for double trigger vesting of equity awards in connection with a change in control, meaning that, if the awards are assumed by the surviving entity in the change of control, vesting of the awards will not accelerate unless the executive also has a qualifying termination of employment (by the Company without cause or by the executive for good reason). In contrast, if the surviving entity does not assume the equity awards upon the change in control, unvested awards will become vested upon the occurrence of the change in control. More information regarding the treatment of our equity awards in connection with a change of control is provided in the chart below.

	Service-Based	Performance-Based	
	Restricted Share Units	Restricted Share Units	Stock Options
Change in Control (CIC)	<p>If the award is not assumed by the surviving entity, then vesting accelerates upon the CIC.</p> <p>If the award is assumed, then vesting accelerates if the executive's employment is terminated without cause, or the executive terminates his employment for good reason, within twenty-four months after the CIC.</p>	<p>If the award is not assumed by the surviving entity, then the award will vest in full, either at the target level, if the CIC occurs during the performance period, or based on actual performance, if the CIC occurs after the end of the performance period and prior to payment.</p> <p>If the award is assumed, then, subject to the executive's continued employment, the award will continue to vest, either at the target level, if the CIC occurs during the performance period, or based on actual performance, if the CIC occurs after the end of the performance period and prior to payment. However, vesting of the award will be accelerated if the executive's employment is terminated without cause, or the executive terminates his employment for good reason, within twenty-four months after the CIC.</p>	<p>If the option is not assumed by the surviving entity, then vesting accelerates upon the CIC.</p> <p>If the option is assumed, then vesting accelerates if the executive's employment is terminated without cause, or the executive terminates his employment for good reason, within twenty-four months after the CIC.</p>

Change in Control (without a Termination of Employment)

Each named executive officer would have been entitled to the following estimated payments and benefits in the event that a change in control occurred on December 31, 2012, and the named executive officer's equity awards were *not assumed* by the surviving entity. If the awards were assumed by the surviving entity, then the awards would not vest on a change in control.

Executive	Stock Options (\$) ⁽¹⁾	Restricted Share Units (\$) ⁽¹⁾	Excise Tax Gross-Up (\$) ⁽²⁾	Total (\$)
Michael Koehler	4,174,125	14,922,680		19,096,805
Stephen Scheppmann	896,992	4,917,622	1,066,565	6,881,179
Robert Fair	990,452	5,157,913		6,148,365
Daniel Harrington	990,452	5,157,913		6,148,365
Darryl McDonald	1,368,272	5,182,235		6,550,507

- (1) Equity valuations are based on the following assumptions: (i) a closing price of our stock on December 31, 2012 of \$61.89; and (ii) the awards are not assumed in the corporate transaction, vest immediately prior to the change in control and are cashed out.
- (2) We amended our Change in Control Severance Plan, effective on January 1, 2013, to eliminate excise tax gross-up payments. If, however, a change in control of the Company had occurred on the last day of 2012, which we were required to assume under applicable disclosure rules, Mr. Scheppmann would have been entitled to an excise tax gross-up under the prior provisions of the plan, as illustrated in this column.

Qualifying Termination within Two Years after a Change in Control

Each named executive officer would have been entitled to the following estimated payments and benefits if a change in control occurred on December 31, 2012, and the executive's employment was terminated without cause or the executive terminated his employment for good reason immediately following such change in control. These benefits would be in addition to the vesting of stock options and restricted share units described in the change in control table immediately above.

Executive	Cash (\$) ⁽¹⁾	Welfare Benefits (\$)	Out-placement Counseling (\$)	Excise Tax Gross-Up (\$) ⁽²⁾	Total (\$)
Michael Koehler	5,567,219	31,773	10,000	4,279,945	9,888,937
Stephen Scheppmann	1,864,059	26,166	10,000	2,016,639	3,916,864
Robert Fair	1,593,840	25,672	10,000	1,644,881	3,274,393
Daniel Harrington	1,593,840	25,672	10,000	1,798,234	3,427,746
Darryl McDonald	1,546,895	25,672	10,000		1,582,567

- (1) The amount does not reflect a pro-rata bonus for 2012. This is because we are required to assume a termination date of December 31, 2012. On this date, each executive would have already earned a bonus for 2012 regardless of whether he terminated employment. Please refer to the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for the amount of the 2012 bonus paid to each executive.
- (2) We amended our Change in Control Severance Plan, effective on January 1, 2013, to eliminate excise tax gross-up payments. If, however, a change in control of the Company had occurred on the last day of 2012, which we were required to assume under applicable disclosure rules, certain of the named executive officers would have been entitled to an excise tax gross-up under the prior provisions of the plan, as illustrated in this column.

ADVISORY (NON-BINDING) VOTE

ON EXECUTIVE COMPENSATION

(Item 2 on Proxy Card)

The foundation of our executive compensation program is to pay for performance. Our executive officers are compensated based on the key strategic drivers of our business and in a manner that is consistent with competitive practices and sound corporate governance principles. We believe that our executive compensation program aligns our incentive compensation with the long-term interests of our stockholders because it is designed to motivate our executives to deliver long-term sustainable growth and stockholder value, and to provide retention incentives. The board encourages you to review the Executive Compensation section of this proxy statement, including the Compensation Discussion and Analysis and related tables and narratives, beginning on page 25 of this proxy statement, for additional details on our executive compensation program.

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, stockholders are able to vote to approve, on an advisory (non-binding) basis no less than once every three years, the compensation of our named executive officers (a say-on-pay vote). We submitted both our first say-on-pay vote and an advisory vote on how frequently such a vote would occur to our stockholders at our 2011 Annual Meeting of Stockholders. At that meeting, stockholders expressed a preference for annual say-on-pay votes, and our board of directors determined that it will provide our stockholders with annual say-on-pay voting opportunities.

In our 2012 proxy statement, we provided our stockholders with the opportunity to cast non-binding advisory votes to approve the compensation of our named executive officers for 2011. The say-on-pay proposal was approved by approximately 91% of the votes cast at our 2012 Annual Meeting of Stockholders. We are now providing our stockholders with the opportunity to cast non-binding advisory votes to approve the compensation of our named executive officers for 2012, and are asking stockholders to vote to adopt the following resolution:

RESOLVED, that the stockholders of Teradata Corporation approve, on an advisory basis, the compensation of the Company's named executive officers, as such compensation is described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure and related material, set forth in the Company's definitive proxy statement for the 2013 Annual Meeting of Stockholders.

This say-on-pay proposal vote is intended to provide an overall assessment of our executive compensation program rather than focus on any specific item of compensation. As an advisory vote, this proposal is non-binding. However, the board and our Compensation and Human Resource Committee, which is responsible for designing and overseeing the administration of our executive compensation program, values the opinions of our stockholders, and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

The Board of Directors recommends that you vote FOR this proposal. Proxies will be so voted unless stockholders specify otherwise in their proxies. Approval of this resolution 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 this item of business. However, the results of this vote are not binding on the board, whether or not any resolution is passed under this voting standard. In evaluating the stockholder vote on this advisory resolution, the board will consider the voting results in their entirety.

**DIRECTORS PROPOSAL TO RATIFY THE APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013**

(Item 3 on Proxy Card)

The Audit Committee of the Board of Directors, which is composed entirely of independent directors, appointed PricewaterhouseCoopers (PwC) as our independent registered public accounting firm for 2013 to audit our consolidated financial statements. The board has approved this appointment and, as a matter of good corporate governance, is asking you to ratify this appointment.

Based on its Pre-Approval Policy (as defined on page 55 of this proxy statement) and applicable SEC rules and guidance, the Audit Committee has considered whether the provision of the tax and other non-audit services described below under the caption Fees Paid to Independent Registered Public Accounting Firm was compatible with maintaining PwC s independence and concluded that it was.

PwC has been our independent registered public accounting firm since 2007. PwC is considered a leader in providing audit services to the high-technology industry. The board believes that PwC is well-qualified to serve as our independent registered public accounting firm given its experience, global presence with offices or affiliates in or near most locations where we do business, and quality audit work in serving us. PwC rotates its audit partners assigned to audit us at least once every five years, and the Audit Committee has placed restrictions on our ability to hire any employees or former employees of PwC or its affiliates.

Representatives of PwC will be at the annual meeting to answer questions, and they may also make any statement they wish at the meeting.

The Board of Directors recommends that you vote FOR this proposal. Approval of this proposal 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 this item of business. If the stockholders do not approve this proposal, the Audit Committee and the Board of Directors will reconsider the appointment, but may decide to maintain its appointment of PwC. Proxies solicited by the board will be voted FOR this proposal, unless you specify otherwise in your proxy.

BOARD AUDIT COMMITTEE REPORT

The Company's management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. PricewaterhouseCoopers LLP (PwC), the Company's independent registered public accounting firm, is responsible for performing an independent audit of the Company's consolidated financial statements and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles.

In the course of fulfilling its oversight responsibilities for the Company, the Audit Committee has reviewed and discussed with management the Company's audited financial statements for fiscal year 2012, as well as quarterly earnings releases and quarterly reports on Form 10-Q, and, together with the Board of Directors, has reviewed and discussed the Company's annual report on Form 10-K for the fiscal year ended December 31, 2012 and this proxy statement. In addition, as part of their oversight responsibility, the Audit Committee has reviewed and discussed with management the adequacy and effectiveness of the Company's internal control over financial reporting. PwC has also discussed with the Audit Committee significant matters regarding internal control over financial reporting that have come to its attention during the course of its audit of the consolidated financial statements. The Audit Committee also discussed with the Company's management the process used for certifications by the Company's Chief Executive and Chief Financial Officers for certain of the Company's quarterly and year-end filings with the SEC, as well as the clarity and completeness of the Company's financial disclosures. Further, the Audit Committee discussed with PwC the matters required to be discussed under the Public Company Accounting Oversight Board (PCAOB), Interim Auditing Standard AU 380 (Communications with Audit Committees). The Audit Committee also has received the written disclosures and the letter from PwC required by the applicable requirements of the PCAOB regarding PwC's communications with the Audit Committee concerning independence and has discussed with PwC its independence from management and the Company.

The Audit Committee met in executive session at each of its regular meetings in 2012 with PwC, the Company's Chief Financial Officer, and Vice President of Enterprise Risk and Assurance Services, each of whom has unrestricted access to the committee.

Based on the reviews and the discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for filing with the Securities and Exchange Commission.

Dated: February 26, 2013

The Audit Committee:

Victor L. Lund, Chair

Edward P. Boykin, Member

Nancy E. Cooper, Member

Cary T. Fu, Member

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table presents the fees accrued or billed for professional audit services rendered by our independent registered public accounting firm, PricewaterhouseCoopers LLP (PwC), for the audit of our consolidated financial statements for fiscal years 2012 and 2011, as well as the worldwide fees accrued or billed for other services rendered by PwC in 2012 and 2011.

Service	2012	2011
Audit Fees	\$ 2,469,332 ⁽¹⁾	\$ 2,325,734 ⁽²⁾
Audit-Related Fees	0	0
Tax Fees	81,482 ⁽³⁾	157,209 ⁽⁴⁾
All Other Fees	4,500 ⁽⁵⁾	8,900 ⁽⁵⁾
Total Fees	\$ 2,555,314	\$ 2,491,843

- (1) Includes fees related to the annual audit and quarterly review of our consolidated financial statements, the audit of internal control over financial reporting, attestation services and review services associated with our filings with the SEC, and consultations with management as to the accounting or disclosure treatment of transactions or events and the actual or potential impact of final or proposed rules, standards or interpretations by regulatory and standard setting bodies (consultation services). Also includes \$494,332 for the 2011 statutory audits of select foreign subsidiaries and \$170,000 for additional procedures required to complete the 2011 audit.
- (2) Includes fees related to the annual audit and quarterly review of our consolidated financial statements, the audit of internal control over financial reporting, attestation services and review services associated with our filings with the SEC, and consultation services. Also includes \$575,734 for the 2010 statutory audits of foreign subsidiaries.
- (3) Includes tax fees for tax compliance services related to our subsidiaries in Mexico and assistance in preparing advanced pricing agreements for certain foreign subsidiaries.
- (4) Includes tax fees for (i) compliance services related to our subsidiaries in Mexico, (ii) providing compliance services in connection with our acquisition of xkoto (U.S.) Inc., Aster Data Systems, Inc. and their respective subsidiaries, and (iii) assistance in preparing advanced pricing agreements for certain foreign subsidiaries.
- (5) Includes license fees for PwC software products used to assist in conducting accounting research and other service tools. The Audit Committee has adopted policies and procedures regarding its pre-approval of the audit, audit-related, tax and all other non-audit services to be provided by our independent registered public accounting firm or its affiliates to us or our consolidated subsidiaries (the Pre-Approval Policy). This policy is designed to assure that the provision of such services does not impair the independence of our independent registered public accounting firm. Under the Pre-Approval Policy, at the beginning of each fiscal year, the Audit Committee will review the services proposed by management and our independent registered public accounting firm to be provided during that year. The Audit Committee will then provide its pre-approval based on the limitations set forth in the Pre-Approval Policy. These limitations include the following:

In no case should we or any of our consolidated subsidiaries retain our independent registered public accounting firm or its affiliates to provide management consulting services or any non-audit services that are not permitted under applicable laws and regulations, including, without limitation, the Sarbanes-Oxley Act of 2002 and the SEC's related rules and regulations.

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Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any other

non-audit services and tax consulting services will require specific pre-approvals by the Audit Committee and a determination that such services would not impair the independence of our independent registered public accounting firm. Specific pre-approvals by the Audit Committee will also be required for any material changes or additions to the pre-approved services.

The Audit Committee recommends that the ratio of total tax and all other non-audit services to total audit and audit-related services procured by us in a fiscal year be less than one-to-one.

The Audit Committee will not permit the exclusive retention of our independent registered public accounting firm in connection with a transaction initially recommended by the independent registered public accounting firm, the purpose of which may be tax avoidance and the tax treatment of which is not supported in applicable tax law.

Pre-approval fee levels for all services to be provided by the independent registered public accounting firm will be established annually by the Audit Committee, and updated on a quarterly basis by the Audit Committee at its regularly scheduled meetings. Any proposed services significantly exceeding these levels will require separate pre-approval by the Audit Committee.

Our Chief Accounting Officer will report to the Audit Committee on a quarterly basis regarding the status of all pre-approved audit, audit-related, tax and all other non-audit services provided by our independent registered public accounting firm or its affiliates to us or our consolidated subsidiaries.

Back-up documentation will be provided as appropriate to the Audit Committee by management and/or the independent registered public accounting firm when requesting pre-approval of services by our independent registered public accounting firm. At the request of the Audit Committee, additional detailed documentation regarding the specific services will be provided.

Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by our Chief Financial Officer, with the support of the independent registered public accounting firm, and must include a joint statement as to whether, in the view of management and the independent registered public accounting firm, the request or application is consistent with the SEC's rules on auditor independence.

Under the Pre-Approval Policy, the Audit Committee has delegated to its Chair limited authority to grant pre-approvals for audit, audit-related, tax and other non-audit services in the event that immediate approval of a service is needed. The Chair shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting for its review and approval. The Audit Committee has not delegated to management its responsibilities to pre-approve services performed by the independent registered public accounting firm.

The audit, tax and all other non-audit services provided by PwC to us, and the fees charged for such services, will be actively monitored by the Audit Committee as set forth in the Pre-Approval Policy on a quarterly basis to maintain the appropriate level of objectivity and independence in the firm's audit work for us. Part of the Audit Committee's ongoing monitoring includes a review of any de minimus exceptions as provided in the applicable SEC rules for non-audit services that were not pre-approved by the Audit Committee. All services provided by PwC in the fiscal years 2012 and 2011 were pre-approved by the Audit Committee.

STOCKHOLDER PROPOSAL RECOMMENDING DECLASSIFICATION

OF OUR BOARD OF DIRECTORS

(Item 4 on Proxy Card)

The Shareholder Rights Project, on behalf of The Treasurer of the State of North Carolina Equity Investment Fund Pooled Trust, a stockholder whose address and beneficial holdings are available to stockholders upon request, has informed us that it intends to present the following proposal at the 2013 annual meeting:

PROPOSAL TO REPEAL CLASSIFIED BOARD

RESOLVED, that shareholders of Teradata Corporation urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors and to require that all directors elected at or after the annual meeting held in 2014 be elected on an annual basis. Implementation of this proposal should not prevent any director elected prior to the annual meeting held in 2014 from completing the term for which such director was elected.

SUPPORTING STATEMENT

The proponent of this resolution is the State of North Carolina Equity Investment Fund Pooled Trust. The Shareholder Rights Project submitted the resolution on behalf of the North Carolina State Treasurer.

The resolution urges the board of directors to facilitate a declassification of the board. Such a change would enable shareholders to register their views on the performance of all directors at each annual meeting. Having directors stand for elections annually makes directors more accountable to shareholders, and could thereby contribute to improving performance and increasing firm value.

According to data from FactSet Research Systems, the number of S&P 500 companies with classified boards declined by more than two-thirds from 2000 to 2012, and during the period January 1, 2011 to June 30, 2012:

More than 50 S&P 500 companies brought management proposals to declassify their boards to a vote at annual meetings;

More than 50 precatory declassification proposals passed at annual meetings of S&P 500 companies; and

The average percentage of votes cast in favor of shareholder proposals to declassify the boards of S&P 500 companies exceeded 75%.

The significant shareholder support for declassification proposals is consistent with empirical studies reporting that:

Classified boards are associated with lower firm valuation (Bebchuk and Cohen, 2005; confirmed by Faleye (2007) and Frakes (2007));

Takeover targets with classified boards are associated with lower gains to shareholders (Bebchuk, Coates, and Subramanian, 2002);

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Firms with classified boards are more likely to be associated with value-decreasing acquisition decisions (Masulis, Wang, and Xie, 2007); and

Classified boards are associated with lower sensitivity of compensation to performance and lower sensitivity of CEO turnover to firm performance (Faleye, 2007).

Although one study (Bates, Becher and Lemmon, 2008) reports that classified boards are associated with higher takeover premiums, this study also reports that classified boards are associated with a lower likelihood of an acquisition and that classified boards are associated with lower firm valuation.

Please vote for this proposal to make directors more accountable to shareholders.

Teradata's Board of Directors recommends a vote FOR this proposal:

Our board supports the annual election of directors as demonstrated by its request last year for stockholder approval of an action to declassify the board. Specifically, at the 2012 Annual Meeting of Stockholders, the board proposed to amend the Company's certificate of incorporation so that all directors elected or appointed at or after the 2013 annual meeting would serve for terms expiring at the next annual stockholders' meeting. Although most stockholders were supportive of this measure, the proposed amendment did not receive the necessary votes to pass. Under our certificate of incorporation, an amendment of this nature requires the affirmative vote of the holders of at least 80% percent of the voting power of our then outstanding capital stock entitled to vote on that item of business, and only 75.9% approval was obtained at last year's annual meeting.

Given the relatively high level of stockholder support for a declassified board and our continuing belief that annual elections are consistent with good corporate governance practices, our board is in favor of this year's stockholder proposal. Moreover, if this proposal receives the requisite number of votes to pass at the 2013 annual meeting, at next year's annual meeting assuming no new developments arise, the board currently intends to present for a vote amendments to the Company's certificate of incorporation that would, if approved, eliminate the classified board structure.

The board recommends that you vote FOR this proposal.

OTHER MATTERS

The Board of Directors does not know of any matters that will be brought before the 2013 annual meeting other than those listed in the notice of meeting. If any other matters are properly introduced at the meeting for consideration, including consideration of a motion to adjourn the meeting to another time or place, the individuals named on the proxy card will have authority to vote on such matters in their discretion.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (*e.g.*, banks and brokers) to satisfy the delivery requirements for annual reports, proxy statements, and Notice of Internet Availability of Proxy Materials (Notice) with respect to two or more stockholders sharing the same address by delivering one annual report, proxy statement and Notice addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

A number of brokers with account holders who are Teradata s stockholders will be householding our proxy materials. A single annual report, proxy statement and Notice will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. 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 annual report, proxy statement or Notice, you may contact our mailing agent, Broadridge Financial Solutions, at Broadridge Household 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 annual report, proxy statement, and Notice. Stockholders who hold their stock through a bank or broker and currently receive multiple copies of the annual report, proxy statement or Notice at their address and would like to request householding of their communications should contact their bank or broker.

ADDITIONAL INFORMATION

Cost of Proxy Solicitation

We will pay the expenses of soliciting proxies in connection with the annual meeting. Proxies may be solicited on our behalf through the mail, in person, by telephone, electronic transmission, or facsimile transmission. We have hired Georgeson Shareholder Communications Inc. to assist in the solicitation of proxies, at an estimated cost of \$15,500 plus reimbursement of reasonable out-of-pocket expenses. In accordance with SEC and NYSE rules, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses of sending proxies and proxy materials as intermediaries to the beneficial owners of our common stock.

Procedures for Stockholder Proposals and Nominations

Under our bylaws, nominations for directors at an annual meeting may be made only by (i) the Board of Directors or a committee of the board, or (ii) a stockholder entitled to vote who has delivered notice to us within 90 to 120 days before the first anniversary of the date of the preceding year's annual meeting and complied with the additional requirements set forth in our bylaws.

Our bylaws also provide that business may not be brought before an annual meeting unless it is (i) specified in our proxy materials (*i.e.*, proposals brought by the Board of Directors and stockholder proposals that we are required to include in our proxy statement under SEC Rule 14a-8), (ii) brought before the meeting by or at the direction of the board, or (iii) brought by a stockholder entitled to vote who has delivered notice to us (containing certain information specified in the bylaws) within 90 to 120 days before the first anniversary of the date of the preceding year's annual meeting and complied with the additional requirements set forth in our bylaws. In order to include a proposal in our notice of meeting and proxy materials pursuant to SEC Rule 14a-8, you must comply with the requirements of that rule.

A copy of the full text of our bylaws may be obtained upon written request to the Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342. A copy of our bylaws, which were last amended by the Board of Directors on April 20, 2012, is also available on our corporate governance website at <http://www.teradata.com/articles-and-bylaws>.

Stockholder Proposals for 2014 Annual Meeting

To include a stockholder proposal in our 2014 notice of meeting and proxy materials pursuant to SEC Rule 14a-8, a stockholder must satisfy all applicable requirements of that rule, and the proposal must be received by our Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342, no later than November 6, 2013. To present any other proposal at the 2014 annual meeting, or to nominate a candidate for director election at the 2014 annual meeting, a stockholder must submit an advance written notice of such proposal and/or nomination (as applicable) to us that complies with certain requirements set forth in our bylaws. Such advance written notice must be received by our Corporate Secretary at the Company's address provided on page 1 of this proxy statement no sooner than the close of business on December 31, 2013, and no later than the close of business on January 30, 2014.

The above notice and proxy statement are sent by order of the Board of Directors.

Laura Nyquist

General Counsel and Secretary

Dated: March 6, 2013

Your Internet or telephone proxy authorizes the proxyholders to vote the shares in the same manner as if you marked, signed and returned your proxy card.

TERADATA CORPORATION

10000 INNOVATION DRIVE

DAYTON, OH 45342

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 29, 2013 (April 25, 2013 for participants in Teradata's 401(k) Savings Plan). Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. on April 29, 2013 (April 25, 2013 for participants in Teradata's 401(k) Savings Plan). Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to help Teradata reduce the costs incurred printing and mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years or go to www.investordelivery.com.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M53596-P33593-Z59608

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TERADATA CORPORATION

The Board of Directors recommends that you vote FOR the Director

Nominees listed below and FOR each of the other proposals listed below:

Vote on Directors

1. Election of Directors

Class III Nominees:	For	Against	Abstain
1a. Edward P. Boykin
1b. Cary T. Fu
1c. Victor L. Lund

Vote on Proposals

	For	Against	Abstain
2. An advisory (non-binding) vote to approve executive compensation
3. Approval of the ratification of the appointment of independent registered public accounting firm for 2013
4. Approval of a stockholder proposal recommending declassification of our board

NOTE: If you attend the meeting and decide to vote by ballot, your ballot will supersede and revoke this proxy. If signing for a corporation or partnership or as an agent, attorney or fiduciary, indicate the capacity in which you are signing.

This proxy card confers on the proxyholders discretionary authority with respect to matters not known or determined at the time of the mailing of the notice of the 2013 Annual Meeting of Stockholders.

For address changes and/or comments, please check this box ..
and write them on the back where indicated.

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Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Annual Meeting of Stockholders

Teradata's Annual Meeting of Stockholders will be held at 8:00 a.m. on April 30, 2013 at the Terry Executive Education Center, 3475 Lenox Road NE, Atlanta, Georgia 30326. Please see your proxy statement for instructions should you wish to attend the meeting.

Important Notice Regarding the Availability of Proxy Materials for the 2013 Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

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TERADATA CORPORATION

Proxy/Voting Instruction Card

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

FOR TERADATA'S 2013 ANNUAL MEETING OF STOCKHOLDERS

The undersigned stockholder of Teradata Corporation, a Delaware corporation ("Teradata" or the "Company"), hereby appoints Michael Koehler, Stephen Scheppmann and Laura Nyquist, and each of them, proxies, with full power of substitution, to vote all shares of common stock of Teradata that the undersigned is entitled to vote at Teradata's Annual Meeting of Stockholders to be held in Atlanta, Georgia, on April 30, 2013, and at any postponement or adjournment thereof, in the manner indicated on the reverse side and in such proxyholders' sole discretion upon any matter that may properly come before the meeting, or any postponement or adjournment thereof, including to vote for the election of a substitute nominee for director as such proxyholders may select in the event any nominee named on this proxy card is unable to serve. This proxy card also provides voting instructions to the trustee of the Teradata Corporation Savings Plan, the Company's 401(k) plan (the "Teradata Savings Plan") and to the trustees and administrators of other plans, with regard to shares of Teradata common stock the undersigned may hold under such plans for which the undersigned is entitled to vote at said meeting to the extent permitted by such plans and their trustees and administrators. By executing this proxy card, the undersigned acknowledges receipt from the Company of the notice of the 2013 Annual Meeting of Stockholders and accompanying proxy statement and hereby revokes any previously granted proxy that relates to the aforementioned annual meeting.

The proxyholders or the trustees and administrators of the plans, as the case may be, will vote the shares in accordance with the directions on this proxy card. If you do not indicate your choices on this proxy card, the proxyholders will vote the shares in accordance with the directors' recommendations. If you are a Teradata Savings Plan participant entitled to vote at the 2013 Annual Meeting of Stockholders and do not indicate your choices on this proxy card, those shares will be voted by the trustee of such plan.

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

(Continued and to be signed on the reverse side.)