TERADATA CORP /DE/
Form DEF 14A
March 13, 2019

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:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

MESSAGE TO STOCKHOLDERS

March 12, 2019

Dear Fellow Stockholder:

I am pleased to invite you to attend Teradata Corporation s 2019 Annual Meeting of Stockholders on April 30, 2019. The meeting will begin promptly at 8:00 a.m. local time at the Rancho Valencia, 5921 Valencia Circle, Rancho Santa Fe, California 92067. This proxy statement, which includes a notice of the 2019 annual meeting, tells you more about the agenda and procedures for the meeting. It also describes how our Board of Directors operates and gives information about director candidates and general compensation and corporate governance matters.

This is an exciting time in our Company s history. As you know, our Board of Directors recently appointed Oliver Ratzesberger as President and Chief Executive Officer, and I will continue to serve on the board as Executive Chairman. Mr. Ratzesberger previously served as Teradata s Chief Operating Officer, responsible for our global operations and was the leading architect of our strategies for go-to-market, products and services. He is a technology visionary who understands our customers, people and the evolving technology market. This appointment reflects the board s confidence in Mr. Ratzesberger as my successor, and in our strategy, culture and values.

The world of data and analytics has never been more strategically important, and Teradata is uniquely positioned to deliver value to the world s leading companies. Transforming a company is no easy task. But, I am pleased to share that our strategy, our execution and our relentless dedication to customer success, including through the transition of our business model to provide the subscription-based offerings our customers prefer, resulted in excellent performance in 2018. We are seeing accelerated growth rates across our revenue measures, including double-digit recurring revenue and annual recurring revenue (ARR) growth for the year, which establishes a strong foundation for more predictable, higher-quality and increasing future revenue streams for the Company.

Other notable achievements in 2018 include:

- We introduced our game-changing analytics platform, Teradata Vantage , to broad acclaim and record adoption;
- We over-achieved our objectives with respect to converting our customers to subscription-based transactions in fact, 79% of our bookings in 2018 were subscription-based, peaking at 87% for the fourth quarter;
- We optimized and aligned our go-to-market approach around our targeted customers as part of our refined strategy focusing on companies who have the most complex data challenges customers we refer to as megadata companies;

We repositioned and revitalized our brand to better reflect our strategy, our offerings and the customers we serve; and

We transitioned and moved our headquarters to San Diego, successfully consolidating our corporate functions into fewer locations while delivering these positive results.

As we execute our strategy and transform our Company, we continue to greatly value the input we receive from investors on our progress and future direction. Stockholder engagement remains an integral part of Teradata s business practices, and we are in frequent communication with our largest investors on key business matters, including our strategic direction, corporate governance practices and executive compensation. Moreover, our executive compensation program has been designed and continues to evolve in a manner that addresses the feedback provided through our stockholder outreach efforts. Our goal is always to further connect pay and performance and enhance the alignment of our executive compensation program with your long-term interests.

Our Board of Directors remains committed to ensuring that it includes a highly qualified and diverse group of directors who are well-equipped to oversee the success of Teradata s business and effectively represent your interests. We encourage you to review the qualifications, skills and experience that each of our directors contributes to our Board of Directors as described beginning on page 4 of this proxy statement.

Oliver Ratzesberger 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. In addition, you are welcome to share your thoughts or concerns with us on any topic. Communications can be addressed to directors in care of the Corporate Secretary, Margaret A. Treese, at 17095 Via Del Campo, San Diego, California 92127 or by email at the address listed above.

Every 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.

We value your support and thank you for joining Teradata on this transformational journey.

Sincerely,

Victor L. Lund

Executive Chairman of the Board

NOTICE OF ANNUAL MEETING

OF STOCKHOLDERS

TIME	DATE	PLACE
8:00 a.m. local time	Tuesday, April 30, 2019	Rancho Valencia 5921 Valencia Circle Rancho Santa Fe, CA 92067

Purpose

Elect Ms. Olsen and Messrs. Fu, Gianoni and Lund to serve as Class III directors for three-year terms expiring at the 2022 annual meeting of stockholders and to hold office until their respective successors are duly elected and qualified;

Consider an advisory (non-binding) vote to approve executive compensation (a say-on-pay vote);

Consider and vote upon the approval of the amended and restated Teradata 2012 Stock Incentive Plan;

Consider and vote upon the ratification of the appointment of our independent registered public accounting firm for 2019; 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, 2019, may vote at the meeting.

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

Internet Availability

Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Meeting of Stockholders to be held on April 30, 2019: This notice of the 2019 annual meeting of stockholders and proxy statement, our 2018 annual report, and form of proxy and voting instruction card are available at https://www.proxyvote.com.

By order of the Board of Directors,

Margaret A. Treese

Chief Corporate Governance

Counsel and Secretary

March 12, 2019

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PROXY SUMMARY

This summary highlights information contained elsewhere in the proxy statement that is being provided to you by Teradata Corporation (Teradata, the Company, we, or us) in connection with its 2019 annual meeting of stockholde This summary is not a complete description, and you should read the entire proxy statement carefully before voting.

This proxy statement contains important information about the 2019 annual meeting of stockholders, 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 2018 annual report and form of proxy and voting instruction card (proxy card). Proxy materials for the 2019 annual meeting of stockholders are being made available in printed form on or about March 18, 2019, and they will be available online on or about March 21, 2019. On behalf of the Teradata Board of Directors, we are requesting your proxy for the 2019 annual meeting of stockholders and any adjournments or postponements that follow.

Voting Methods Your Vote is Important!

Even if you plan to attend the 2019 annual meeting of stockholders in person, we urge you to vote in advance of the meeting using one of these advance voting methods.

By Internet:	By Phone:	By Mail:
www.proxyvote.com	1-800-690-6903	51 Mercedes Way Edgewood, NY 11717

2019 Annual Meeting Information

Meeting Date:	April 30, 2019
Meeting Place:	Rancho Valencia 5921 Valencia Circle Rancho Santa Fe, CA 92067
Record Date:	March 1, 2019
Meeting Time:	8:00 a.m. (Pacific)

Voting:	All common stockholders of record as of March 1, 2019 may vote. Each outstanding share of common stock is entitled to one vote on each matter to be voted upon at the annual meeting.
Admission:	You will need an admission ticket or proof of ownership of Teradata common stock, as well as a form of personal photo identification, to be admitted to the annual meeting. If you plan to attend, please send an email to *investor.relations@teradata.com* to receive a meeting reservation request form. Please refer to page 77 of this proxy statement under Other General Information for more information about attending the meeting.

Meeting Agenda

MATTER		BOARD VOTE RECOMMENDATION	PAGE REFERENCE (FOR MORE DETAIL)
Proposal 1	Elect Ms. Olsen and Messrs. Fu, Gianoni and Lund to serve as Class III directors for three-year terms expiring at the 2022 annual meeting of stockholders and to hold office until their respective successors are duly elected and qualified	FOR each nominee	4
Proposal 2	Consider an advisory (non-binding) vote to approve executive compensation (a say-on-pay vote)	FOR	57
Proposal 3	Consider and vote upon the approval of the amended and restated Teradata 2012 Stock Incentive Plan	FOR	58
Proposal 4	Consider and vote upon the ratification of the appointment of our independent registered public accounting firm for 2019	FOR	68

2018 Financial Highlights vs. Prior Year

10% 79% 10% 58%

CURRING REVENUE (ARR) SUBSCRIPTION-BASED BOOKINGS TOTAL RECURRING REVENUE RECURRING

AS A % OF TOTAL PRODUCT BOOKINGS AS A % OF TOT

Board of Directors

NAME	CLASS	AGE	CURRENT POSITION	POSITION (as of 12/31/2018)
Victor L. Lund*	III	71	Executive Chairman	President and Chief Executive Officer
Michael P. Gianoni*	III	58	Lead Director	Director
Cary T. Fu*	III	70	Director	Director
Joanne B. Olsen*	III	60	Director	Director
Daniel R. Fishback	I	57	Director	Director
David E. Kepler	I	66	Director	Director
Oliver G. Ratzesberger	I	48	President and Chief Executive Officer	Chief Operating Officer
William S. Stavropoulos	I	79	Director	Director
Lisa R. Bacus	II	54	Director	Director
Timothy C.K. Chou	II	64	Director	Director
James M. Ringler	II	73	Director	Chairman
John G. Schwarz	II	68	Director	Director

* Nominees for election

Board and Governance Highlights

Teradata has adopted many leading governance practices that establish strong independent leadership in our boardroom and provide our stockholders with meaningful rights, including:

- all directors (other than Executive Chairman and CEO) and all audit, compensation and governance committee members are independent
- independent lead director
- strategy actively overseen by board
- separate CEO and board chair roles
- highly qualified and diverse board with extensive executive experience at global, public companies and knowledge of software and technology industries
- active board oversight of risk and operational plans
- ongoing board refreshment (6 new directors in the past 4 years)
- schedule regular executive sessions of independent directors at board and committee meetings
- independent compensation consultant engaged to advise on compensation of our executives and directors
- ongoing stockholder engagement that results in impactful changes to executive compensation and corporate governance programs at the Company
- robust stock ownership requirements for directors and executive officers and prohibitions on hedging and pledging stock
- compensation clawback and harmful activity policies

ELECTION OF DIRECTORS (Item 1 on Proxy Card)

The Board of Directors is currently divided into three classes. Directors are elected by stockholders for terms of three years and hold office until their successors are elected and qualified. One of the three classes is elected each year to succeed the directors whose terms are expiring. As of the 2019 annual meeting, the terms for the directors in Classes I, II and III of the Board of Directors expire in 2020, 2021 and 2019, respectively.

Ms. Olsen and Messrs. Fu, Gianoni and Lund currently are Class III directors whose terms are expiring at the 2019 annual meeting. For the reasons described below, each of the Class III directors has been nominated by the board for re-election through the 2022 annual meeting of stockholders and until his or her successor is elected and qualified.

Proxies solicited by the board will be voted for the election of the nominees, unless you instruct otherwise on your proxy. Each of the nominees is willing 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 further reduce the size of the board or designate a substitute nominee. If the board designates a substitute, shares represented by proxies will be voted for the substitute nominee.

The Board of Directors recommends that you vote FOR the election of each of the Class III nominees as a director.

Election of each nominee requires the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such election. If a nominee does not receive a majority vote, he or she is required to tender his or her resignation for consideration by the disinterested members of the Board of Directors in accordance with our Corporate Governance Guidelines as described on page 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. Abstentions will have the same effect as votes against the matter and shares that are the subject of a broker non-vote will be deemed absent and will have no effect on the outcome of the vote.

Director Qualifications

Our Board of Directors currently consists of twelve members who we believe are extremely well-qualified to serve on the board and represent our stockholders best interests. As described on page 15 of this proxy statement 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 make the time commitment necessary for the board to effectively fulfill its responsibilities.

Key Qualifications and Attributes

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 with growth and/or transformation strategies, and extensive operational and strategic planning experience. In addition, the board believes that each of the director nominees and other directors has demonstrated outstanding achievement in his or her professional career, the willingness to participate actively in board activities and share policy-making and strategic thinking experiences, an ability to articulate independent perspectives, make analytical inquiries and take tough positions that challenge management, and a high degree of personal and professional integrity.

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 and attributes described above and information included in the biographical summaries provided below for each director. Based on all of these qualifications and attributes, we believe that the directors and nominees have the appropriate set of skills to serve as members of the board.

2019 Director Nominees

Class III Nominees   Current Terms Expiring in 2019:

CARY T. FU	Co-founder and retired Chairman and Chief Executive Officer of Benchmark Electronics, Inc.	Director since: 2008

Key Qualifications and Attributes:

- Experience as the chief executive officer and chairman of the board of a global, publicly-traded 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

Diverse perspectives given Taiwanese heritage and years of experience doing business in Asia

Biography:

Mr. Fu, age 70, is the co-founder of Benchmark Electronics, Inc. (Benchmark), a publicly-held electronics manufacturing services provider. He served as Chairman of the Board of Benchmark from 2009 until his retirement in December 2012, and was a director of Benchmark from 1990 to 2009. In 2011, Mr. Fu retired as Benchmark s Chief Executive Officer, a position he had held since 2004. Prior to becoming Chief Executive Officer of Benchmark, he served as its President and Chief Operating Officer from 2001 to 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., a leading global manufacturer of circuit protection and power control technologies, and is a certified public accountant. He joined our board in July 2008.

MICHAEL P. GIANONI	Lead Director of Teradata Corporation President and Chief Executive Officer of Blackbaud, Inc.	Director since: 2015

Key Qualifications and Attributes:

Experience as the president and chief executive officer of a global, publicly-traded software-as-a-service company

Strong operational and leadership skills and business acumen

Proven track record driving financial performance improvement

Deep software industry knowledge

Biography:

Mr. Gianoni, age 58, is the President and Chief Executive Officer of Blackbaud, Inc., a provider of software and services specifically designed for nonprofit organizations, a position he has held since joining the company in January 2014. Previously, Mr. Gianoni was the Executive Vice President and Group President, Financial Institutions, at Fiserv, Inc., a global technology provider serving the financial services industry, from 2010 to 2013. He joined Fiserv as President of its Investment Services division in 2007, where he was responsible for product, technology, sales, finance, operational, and strategy. From 2006 until its acquisition by Fiserv, Mr. Gianoni was Executive Vice

President and General Manager of CheckFree Corporation, a leading provider of financial e-commerce solutions. Prior to that time, he held a number of senior management positions at DST Systems Inc., an information processing and software services company. Mr. Gianoni serves as a director of Blackbaud. He joined Teradata s board in January 2015 and was appointed our independent Lead Director in January 2019.

VICTOR L. LUND | Executive Chairman of Teradata Corporation | Director since: 2007

Key Qualifications and Attributes:

Experience as the President and Chief Executive Officer of the Company with extensive knowledge of Teradata s operations, strategy, customers, and financial position

Significant financial expertise and business acumen

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

Biography:

Mr. Lund, age 71, is the Executive Chairman of Teradata. He served as the Company s President and Chief Executive Officer from May 2016 until January 2019. Previously, he served as the non-executive Chairman of the Board of DemandTec, a publicly-held, on-demand applications company, from 2006 until 2012, and was a member of its board from 2005 until 2012. Mr. Lund was non-executive Chairman of the Board of Mariner Health Care, Inc., a long-term health care services company, from 2002 until December 2004 and Vice Chairman of Albertson s, Inc. from 1999 to 2002. Prior to that, he served as Chairman and Chief Executive Officer of American Stores Company. During his 22-year career with American Stores, Mr. Lund held executive positions of increasing responsibility, including Chief Financial Officer and Executive Vice President. Earlier in his career, Mr. Lund was a practicing certified public accountant. He also serves as a director of Service Corporation International and a number of privately-held companies. He joined our board in September 2007.

JOANNE B. OLSEN	Former Executive Vice President, Cloud Services and Support, Oracle Corporation	Director since: 2018

Key Qualifications and Attributes:

Extensive experience within the software and technology industries

Senior executive leadership of cloud-based solutions and services

Diverse perspectives given gender and global management experience

Biography:

Ms. Olsen, age 60, served as the Executive Vice President, Cloud Services and Support at Oracle Corporation, a worldwide software and services company, from November 2016 until she retired in August 2017. In that role, she drove Oracle s cloud transformation services and support strategy, partnering with leaders across all business units, leading a team of cloud customer experience experts, covering customer success, implementation success, consulting, support, education, and managed cloud services. She previously served as Senior Vice President and leader of Oracle s applications sales, alliances, and consulting organizations in North America from 2010 to 2016. Ms. Olsen began her career with IBM, where, over the course of more than three decades, she held a variety of executive management positions across sales, global financing and hardware. She also serves as a director of Ciena Corporation, a global supplier of telecommunications networking equipment, software, and services. She joined Teradata s board in June 2018.

Class I Current Terms Expiring in 2020:

DANIEL R. FISHBACK	Former President and Chief Executive Officer of DemandTec, Inc.	Director since: 2017

Key Qualifications and Attributes:

Experience as the chief executive officer of a global, publicly-traded company in the software-as-a service industry

Strong leadership skills and a proven track record driving financial growth and product development

Technology industry expertise

Biography:

Mr. Fishback, age 57, served as the President and Chief Executive Officer of DemandTec, Inc. from 2001 to 2013. DemandTec is a provider of a cloud-based collaborative optimization network for retailers and consumer products companies that was acquired by IBM in 2012. From 2000 to 2001, Mr. Fishback served as Vice President of Channels for Ariba, Inc., a provider of solutions to help companies manage their corporate spending. Prior to that, he held sales and executive leadership positions at Trading Dynamics Company and Hyperion Solutions Corporation. Mr. Fishback serves on the board of Qumu Corporation, a leading enterprise video platform provider, serves on the board of directors for several private technology companies, and is an advisor and consultant to a number of companies focusing on the application of analytic solutions to solve complex business problems. He joined our board in January 2017.

DAVID E. KEPLER	Director since: 2007

Retired Executive Vice President,
Chief Sustainability Officer and
Chief Information Officer of

The Dow Chemical Company

Key Qualifications and Attributes:

Experience as the chief information officer of a complex, global company with additional responsibility for corporate sustainability initiatives, risk management and business services operations

Financial expertise

Recognized leader in the area of cybersecurity

Biography:

Mr. Kepler, age 66, served as the Executive Vice President, Chief Sustainability Officer and Chief Information Officer (CIO) of The Dow Chemical Company (Dow) from 2008 until his retirement in 2014. Mr. Kepler joined Dow in 1975 and was appointed the company s Vice President and CIO 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 2008. He also serves on the board of directors of TD Bank Group and Autoliv, Inc., as a trustee of the University of California Berkeley, and as a board member of the Michigan Baseball Foundation. From 2008 to 2015, he was appointed to and served on the U.S. National Infrastructure Advisory Council that advised the President on the protection of critical infrastructure and homeland security issues. He joined our board in November 2007.

Election of Directors

OLIVER G. RATZESBERGER	President and Chief Executive Officer of Teradata Corporation	Director since: 2018

Key Qualifications and Attributes:

Service as Teradata s President and Chief Executive Officer with extensive and deep knowledge of the software industry and the Company

Experience leading the Company s operations to advance a customer-focused strategy and execution of go-to-market, products and services

Technology visionary with strong leadership skills who fosters a collaborative and inclusive culture

Biography:

Mr. Ratzesberger, age 48, has been the President and Chief Executive Officer of Teradata since January 2019. Previously, from February 2018 until 2019, he served as Teradata s Chief Operating Officer with responsibility for the Company s operations and strategies for go-to-market, product development and innovation, marketing, and customer support and services. From August 2016 to February 2018, he was the Executive Vice President and Chief Product Officer with responsibility for the research and development of Teradata s data and analytics solutions. Previously, from 2015 to August 2016, he was President, Teradata Labs and, from 2013 to 2015, led the software teams for Teradata Labs. Before joining Teradata, Mr. Ratzesberger served as Vice President, Information Analytics and Innovation at Sears Holdings Corporation from 2011 until 2013. Prior to that, from 2004 until 2011, he was Senior Director, Analytics Platform at eBay, Inc. where he was responsible for its data warehouse and big data platforms. Before joining eBay, Mr. Ratzesberger worked for both Fortune 500 and early-stage companies, holding positions of increasing responsibility in software development and information technology. Mr. Ratzesberger joined our board in November 2018.

WILLIAM S. STAVROPOULOS	Chairman Emeritus of the Board of Directors of The Dow Chemical Company	Director since: 2007

Key Qualifications and Attributes:

- Distinguished career with extensive public-company board experience
- Leadership experience as a former chief executive officer and chairman of a major, global company
- Substantial business and strategic acumen
- In-depth knowledge of the Company

Biography:

Mr. Stavropoulos, age 79, retired as Chairman of the Board of Dow in 2006. He had served in such capacity since 2000. Mr. Stavropoulos was the President and Chief Executive Officer of Dow from 1995 to 2000 and was Chief Executive Officer from 2002 to 2004. He is the lead director of Univar, Inc., a global distributor of commodity and specialty chemicals. In addition, he is on the advisory board for Metalmark Capital LLC, a private equity investment firm, and is a director of Kissner Global Holdings, LP. He is the Chairman and Chief Executive Officer of the Michigan Baseball Foundation, serves as a trustee of the Rollin M. Gerstacker Foundation, and serves on the board of Artis Naples. Mr. Stavropoulos served on the boards of Maersk Inc., from 2002 to 201,4 and Tyco International, Inc., from 2007 until 2013, and as a special advisor to Clayton, Dubilier & Rice, Inc., from 2006 until 2017.
Mr. Stavropoulos joined our board in September 2007.

Class II Current Terms Expiring in 2021:

JAMES M. RINGLER Former Chairman of Teradata Corporation Director since: 2007

Key Qualifications and Attributes:

- Experience as the chief executive officer and chairman of the board of publicly-held, global companies
- Extensive experience on public company boards
- Excellent operational and leadership skills and business acumen
- An in-depth knowledge of the Company s business, strategy and management team

Biography:

Mr. Ringler, age 73, was Chairman of the Board of Teradata from September 2007 until January 2019. He previously served as Chairman of the Board of NCR Corporation, from 2005 to 2007, and served as NCR s President and Interim Chief Executive Officer for approximately 6 months in 2005. 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., Veoneer, Inc., TechnipFMC plc, and John Bean Technologies Corporation. He previously served on the board of The Dow Chemical Company/DowDuPont, Inc., from 2001 until February 2019, and Ingredion Incorporated, from 2002 until 2014. He joined our board in September 2007.

LISA R. BACUS	Executive Vice President and Chief Marketing Officer for Cigna Corporation	Director since: 2015

Key Qualifications and Attributes:

Deep marketing expertise with focus on strategic planning and data analytics, in-depth knowledge of communication and marketing strategies and customer service operations

Experience as senior executive of large global companies

Diverse perspectives given gender and Hispanic heritage

Biography:

Ms. Bacus, age 54, is the Executive Vice President and Chief Marketing Officer at Cigna Corporation, a global health care services company, and has held that role since May 2013. Her marketing role expanded with Cigna s acquisition of Express Scripts in December 2018. Prior to joining Cigna, Ms. Bacus was the Executive Vice President and chief marketer at American Family Insurance Group, a personal and commercial property and casualty company, from 2011 until 2013, and its Vice President, Marketing, from 2008 to 2011. Before joining American Family Insurance, she was with Ford Motor Company, from 1986 to 2008, where she held a number of executive leadership positions, including Executive Director of Global Market Research and Insights, Executive Director of Global Marketing Strategy, and head of marketing for Ford in Mexico. She serves on the board of privately-held Culver Franchising System, Inc., as well as a number of non-profit corporations, and previously served on the board of Shoutlet, Inc., a privately-held company. Ms. Bacus joined our board in January 2015.

Election of Directors

TIMOTHY C.K. CHOU	Former President of Oracle On Demand, a division of Oracle Corporation	Director since: 2017

Key Qualifications and Attributes:

Extensive experience with technology companies including many years of experience in building and selling enterprise software and hardware

Recognized as an industry leader in cloud computing and the Internet of Things, having published several landmark books and been featured in various publications including Forbes, Business Week, The Economist, and The New York Times as well as on CNBC and NPR

Extensive experience with startup companies in both workflow and analytic applications

Diverse perspective given Chinese heritage and experience teaching a course on cloud computing in China

Biography:

Dr. Chou, age 64, served as President of Oracle On Demand, a division of Oracle Corporation, from 1999 until his retirement in 2005, during which time he led the growth of Oracle s cloud business from a nascent stage to an industry-leading position. Prior to that, he served as the Chief Operating Officer of Reasoning, Inc., a pioneering application services provider, until it was acquired by Oracle in 2000. He served on the board of Embarcadero Technologies, a provider of database tools, from 2000 until 2007. In addition to his commercial career, he has taught in the computer science department at Stanford University since 1982. In 2006, he launched the first class on cloud computing at Stanford and in 2008 started a similar class at Tsinghua University in Beijing, China. In 2013, he became the Chairman of the Alchemist, a leading enterprise software accelerator where he is focused on analytics, artificial intelligence and the Internet of Things. His landmark book, The End of Software, served to educate enterprises, operators and investors in this major shift in business models. He has been a director at Blackbaud since

2007 and joined our board in January 2017.

JOHN G. SCHWARZ	Founder and Chief Executive Officer of Visier Inc.	Director since: 2010

Key Qualifications and Attributes:

- Extensive experience within the software and technology industries, including as the chief executive officer and director of global, analytics technology companies

- Operational and strategic planning experience leading a business organization that experienced high growth through both acquisitions and organic growth strategies

- Broad global experience and perspective

Biography:

Mr. Schwarz, age 68, is the founder and Chief Executive Officer of Visier Inc., a business analytics software firm, a position he has held since 2010. Previously, he served as Chief Executive Officer of SAP Business Objects, a unit of SAP AG, from 2008 to 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 2005 until its acquisition by SAP in 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 2001 to 2005. From 2000 to 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 2010 to 2011. He is also a member of the Dalhousie University Advisory Board. He joined our board in September 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

Corporate Governance

Our Board of Directors is elected by the stockholders to govern our business. The board selects the senior management team, who is charged with conducting our business, and acts as an advisor to senior management, monitors its performance, and approves its compensation. Our Board of Directors engages in active discussion and oversight of the Company s business plans and strategy. It dedicates a meeting each year as well as time at other regular meetings to cover strategic planning and monitoring. As part of this process, the board considers how best to capture opportunities and balance risks with potential stockholder returns in light of many factors such as our competitive landscape, technology developments, organizational structure, and financial objectives, among other things. The board s responsibilities also include planning for senior management succession, overseeing the integrity of our financial statements, and monitoring enterprise risks and compliance efforts.

To support these important duties, the board employs a strong framework of corporate governance practices, including those outlined below:

Independent Leadership and Oversight	All directors except the Company s Executive Chairman and the CEO are independent
	Separate CEO and board chair roles
	Independent lead director
	Three new experienced independent directors added in the last two years ensures fresh perspectives
	Average board tenure of 6.5 years

Executive sessions of independent directors scheduled at every regular board meeting

Limit on additional board service (no director sits on more than 4 other public company boards)

All directors possess highly relevant experience and knowledge (7 of 12 are current or former chief executive officers and 9 of 12 have software and/or technology industry experience)

Executive Compensation Best Practices

Emphasis on performance-based and long-term equity incentives

Long-term equity program is 70% performance-based

Prohibitions on hedging and pledging Company stock

Clawback and harmful activity policies

Annual advisory vote on compensation

Annual incentive compensation is capped

Approved by a fully-independent board committee using an independent consultant

Track record of proactive, ongoing stockholder dialogue

Stockholder Engagement & Alignment	Significant Teradata stock ownership by officers and directors and strong stock ownership guidelines
Stockholder Rights	Majority vote standard for election of directors
	No poison pill in place
	Proxy access bylaw permits eligible stockholders to nominate candidates for election to the board
Ethics and Sustainability	Named a World s Most Ethical Company by The Ethisphere Institute in 2019 for 10th straight year
	Comprehensive sustainability program with substantive annual reporting

Additional Information Concerning the Board of Directors

Stockholder Outreach

Stockholder engagement is an important part of our business practices, and we greatly value the input we receive from our stockholders. Teradata Investor Relations and members of Teradata management are in frequent communication with stockholders on a variety of matters, including strategy, operations, corporate governance practices, and executive compensation.

Teradata has engaged in a robust stockholder outreach effort for many years to better understand and address any concerns stockholders might have relating to the Company s executive compensation program. This outreach continued through 2018 and early 2019, and in addition to compensation-related matters, a number of corporate governance matters were discussed with our stockholders during the outreach process. As described below on page 32 of the Compensation Discussion and Analysis section of this proxy statement, this engagement has been very productive and informative. Accordingly, stockholder interests have been taken into consideration in establishing a number of meaningful changes to Teradata s executive compensation program and corporate governance framework.

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, the annual self-assessments of the board and its committees, and director selection, retirement, and training. The guidelines were updated in January 2019, particularly with respect to the roles of our Executive Chairman and independent Lead Director. The board s Corporate Governance Guidelines are found on our corporate governance website at http://www.teradata.com/governance-guidelines. The board s independent directors meet regularly in executive session without management present and, as provided in the Corporate Governance Guidelines, the Board of Directors has selected the independent Lead Director to preside at its executive sessions during 2019.

Board Independence and Related Transactions

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

1. A director will not be independent if:

   - at any time during the last three years, he or she has been an employee of Teradata, or an immediate family member of the director has been an executive officer of Teradata;

   - he or she has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 in direct compensation from Teradata, other than certain limited circumstances, including: (a) compensation and other fees paid for service as a director; or (b) compensation received by an immediate family member for service as an employee of Teradata (other than as an executive officer);

   - he or she has certain relationships with any firm that serves as Teradata s internal or external auditor, including (a) the director is a current partner or employee of such firm; (b) the director has an immediate family member who is a current partner of such firm; (c) the director has an immediate family member who is a current employee of such firm and personally works on Teradata s audit; or (d) the director or an immediate family member of the director was within the last three years a partner or employee of such a firm and personally worked on Teradata s audit within that time;

   - at any time within the past three years, the director or his or her immediate family member has been employed as an executive officer of another company where any of Teradata s present executive officers at the same time serves or served on that company s compensation committee; or

   - he or she is a current employee, or an immediate family member of the director is a current executive officer, of a company that has made payments to, or received payments from, Teradata for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues (in each case, as reported in the other company s last completed fiscal year).

2. A director will not be independent if he or she is an employee, or any member of the director s immediate family is an executive officer, of a company which is indebted to Teradata or to which Teradata is indebted, and the total amount of the indebtedness exceeds the greater of $1,000,000 or 2% of the consolidated annual gross revenues of either company.

3. A director will not be independent if he or she or any member of the director s immediate family is an officer, director or trustee of a charitable or other tax-exempt organization, and donations by Teradata during any single fiscal year to the charitable or other tax-exempt organization within the last three years exceeds the greater of $1,000,000 or 2% of the organization s consolidated annual gross revenues.

4. A relationship arising solely from a director s interest in another company or similar entity that is party to a transaction with Teradata will not be considered to be a material relationship with Teradata that would impair the director s independence if: (i) such interest arises only from: (a) the director s position as a director, trustee or similar position of such other company or entity, and/or (b) the direct or indirect ownership by the director and the director s immediate family members, in the aggregate, is less than 10% of the equity or similar ownership interest in such other company or entity; and (ii) the director is not involved in the negotiation of the terms of the transaction with Teradata and does not receive any special benefits as the result of the transaction.

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

Our Board of Directors has affirmatively determined that all of our non-employee directors and nominees, namely Mmes. Bacus and Olsen and Messrs. Chou, Fishback, Fu, Gianoni, Kepler, Ringler, Schwarz, and Stavropoulos, meet the NYSE listing independence standards and our independence standards for the board and the committees on which they serve. In making this determination, the board considered transactions in 2017 and 2018 pursuant to which Cigna and its affiliates purchased data warehouse and marketing applications products and related services from Teradata, and Teradata purchased employee benefit program services, with aggregate sales attributed to such purchases significantly below 2% of the annual revenues of either company. The board concluded that Ms. Bacus relationship as an officer of Cigna does not disqualify her from being deemed independent under these standards. There were no other transactions, relationships or arrangements in fiscal year 2018 that required review by the board for purposes of determining director independence.

Board Leadership Structure

While our Corporate Governance Guidelines do not require that our Chairman and CEO positions be separate, our board believes that having separate positions, along with an independent Lead Director, is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance. As of January 14, 2019, our Board of Directors is led by an Executive Chairman, Mr. Lund, and an independent Lead Director, Mr. Gianoni. Mr. Lund and our CEO, Mr. Ratzesberger, are the only members of the board who are not independent directors. We believe that this leadership structure enhances the accountability of the CEO 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. Ratzesberger to focus his efforts on running our business, meeting with customers and investors, and managing the Company in the best interests of our stockholders, while we are able to benefit from prior leadership experience of Messrs. Lund and Gianoni.

In recognition that our Chairman is not independent given that he served as CEO of the Company from May 2016 until January 2019, as part of our ongoing process to ensure that the board s Corporate Governance Guidelines are in line with best practices, we recently updated our guidelines with respect to the Lead Director, pursuant to which this role has the following key responsibilities:

working with the Chairman of the Board regarding the meeting schedule for each year and the annual planning agenda to ensure that the schedule provides adequate time for discussion of appropriate issues and that information is made available directors on a timely basis;

calling meetings of the independent directors, as needed;

developing the agenda for executive sessions of the independent directors in consultation with the Chairman of the Board;

chairing executive sessions of the independent directors and acting as liaison between the independent directors and the Chairman of the Board on matters raised in such sessions;

chairing Board meetings when the Chairman of the Board is not in attendance;

consulting with stockholders of the Company at management s request; and

assuming such other responsibilities that the board may designate from time to time.

Additional Information Concerning the Board of Directors

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 risk oversight function, including the following:

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

- the Audit Committee assists the board in its oversight of risk management by overseeing the Company s enterprise risk management process and discussing with management particularly, the Chief Financial Officer; Vice President, Information Systems; Vice President, Enterprise Risk and Assurance Services; and Chief Ethics, Compliance & Privacy Officer the Company s guidelines and policies regarding financial and enterprise risk management and risk appetite, including: (i) major risk exposures such as, for example, financial, cybersecurity, data privacy, operations, and legal and regulatory risks, 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;

- the Audit Committee also receives quarterly reports from our Chief Information Security Officer assessing the status, adequacy and effectiveness of cybersecurity risks and twice per year, or more as needed, reviews and discusses the Chief Information Security Officer s report on cybersecurity risks and the steps the security team has taken to monitor and control related exposures and reports to the board on these matters; 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 Board of Directors, we do not believe that our compensation programs for employees are reasonably likely to have a material adverse effect on the Company.

Director Education

The Company encourages directors to participate in continuing education programs focused on the Company s business and industry, committee roles and responsibilities and legal and ethical responsibilities of directors, and the Company reimburses directors for their expenses associated with this participation. We also encourage our directors to attend Teradata events such as our annual users conference (Teradata Universe) and our investor day events. Continuing director education is also provided during board meetings and other board discussions as part of the formal meetings and may include internally developed materials and presentations as well as programs presented by third parties. In addition, new directors participate in extensive orientation sessions that are focused on corporate governance and the Company s strategy and business.

Executive Management Succession Planning

In consultation with its Compensation and Human Resource Committee and CEO, the Board of Directors regularly reviews short- and long-term succession plans for all senior management positions and, in particular, our CEO. The criteria used when assessing the qualifications of potential CEO successors include, among others, strategic vision and leadership, operational excellence and execution, financial management, executive officer leadership skills, ability to motivate employees particularly in a dynamic and changing work environment, as well as an ability to develop an effective working relationship with the board and engender the confidence of our stockholders. Our former CEO, in anticipation of his transitioning to the role of Executive Chairman, worked with our management team and Board of Directors overseeing a robust succession plan for the Company that resulted in the recent appointment of Oliver Ratzesberger as President and CEO, whom the board believes exemplifies the qualities described above. Mr. Ratzesberger s appointment represented the culmination of a thorough and thoughtful process undertaken by the board over the past few years to ensure that the Company is best positioned to deliver on our value proposition to all stakeholders.

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 website at http://www.teradata.com/code-of-conduct.

Section 16(a) Beneficial Ownership Reporting Compliance

To the best of our knowledge, in 2018 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 Mr. Ratzesberger filed one late report due to an inadvertent clerical error by the Company that slightly underreported the number of his acquired shares.

Meetings and Meeting Attendance

The Board and its committees met throughout the year on a set schedule, held special meetings, and acted by written consent from time to time as appropriate. At each of its regular meetings, the board held sessions for the independent directors to meet without the CEO present. Members of the senior management team regularly attend board meetings to present information on our business and strategy, and board members are welcome and encouraged to meet with employees worldwide and to attend industry, analyst, and other major events.

The board and its committees met a total of 27 times last year. In 2018, 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 2018 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, the CEO and other directors, and will consider individuals recommended for board membership by our stockholders in accordance with our bylaws and applicable law. In general, we desire to have a balanced group of directors who can perpetuate the Company s long-term success and represent stockholder interests generally through the exercise of sound business judgment based on a diversity of experiences and perspectives. As part of the selection process, the board and the Governance Committee use the qualification factors listed in our Corporate Governance Guidelines and examine candidates business skills and experience, personal integrity, judgment, and ability to devote the appropriate amount of time and energy to serving the best interests of stockholders, in addition to the 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 desire for diverse perspectives that can be gained through different professional experiences, backgrounds, and education, as well as gender, race or ethnic diversity. In addition, while the board does not have age or term limits, it seeks to balance director turnover. The board believes that new perspectives and ideas are critical to a forward-looking and strategic board as is the ability to benefit from the valuable experience and familiarity that longer-serving directors bring to the board room.

As previously reported by the Company, the Governance Committee engaged the outside search firm of Spencer Stuart LLP to assist it in identifying and contacting qualified candidates and the board decided to expand its size by appointing Joanne Olsen and Oliver Ratzesberger as new directors in 2018. As described under the caption Director Qualifications on pages 4 to 5 of this proxy statement, we believe our current directors represent a highly qualified and capable board with very diverse perspectives and balanced tenure.

If you wish to recommend individuals for consideration as directors, you can submit your suggestions in writing to our Corporate Secretary as outlined in our bylaws. Under our bylaws, you will need 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 75 of this proxy statement for further details regarding how to nominate directors.

The directors nominated by the Board of Directors for election at the 2019 annual meeting were recommended by the Governance Committee following the process described above. See Director Qualifications and Nominees on pages 4 to 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 director who is nominated for election at the 2019 annual meeting is not re-elected by the required majority vote, such director is required to promptly offer his or her resignation. The Board of Directors, giving due consideration to the best interests of the Company and our stockholders, is required to evaluate the relevant facts and circumstances, including whether the underlying cause of the director s failure to receive the required majority vote can be cured, and make a decision on whether to accept the offered resignation. Any director who offers a resignation pursuant to this provision cannot participate in the board s decision process. The Board of Directors will promptly disclose publicly its decision and, if applicable, the reasons for rejecting the offered resignation. If the board accepts a director s resignation pursuant to this process, the Governance Committee will recommend to the Board of Directors whether to fill the resulting vacancy or reduce the size of the board.

COMMITTEES OF THE BOARD

Committee Structure and Responsibilities

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

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 qualifications and performance of our internal audit function and internal auditors.

The Audit Committee also:

- is directly responsible for the appointment, compensation, retention, 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;

- oversees the negotiation of audit fees in connection with the retention of our independent registered public accounting 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 and discuss the internal audit scope and plan, the results of internal audit activities, and the adequacy of our internal controls and financial, accounting and reporting processes;

oversees the appointment, removal and performance of our chief audit executive;

discusses with management and the independent registered public accounting firm our annual audited financial statements and unaudited quarterly financial statements, and recommends to the board that the audited financial statements be included in the Company s annual report filing with the U.S. Securities and Exchange Commission (SEC);

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

is directly responsible for oversight of our major financial and enterprise risk exposures such as, for example, financial, cash investments, cybersecurity, information technology, data privacy, business continuity, and legal and regulatory risks, and regularly discusses management s plans and actions related to these areas;

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;

ensures that the Company has established procedures for the confidential submission of employee concerns regarding accounting or auditing matters; and

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

Committees of the Board

The Audit Committee has four members, Ms. Olsen and Messrs. Chou, Fu and Kepler, each of whom meets the NYSE listing independence standards, is independent under our recently-updated independence standards and financially literate, as determined by the board under applicable NYSE standards. In addition, the board has determined that because of his accounting and financial management expertise, Mr. Fu is an audit committee financial expert, 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 beginning on page 26 of this proxy statement under the caption Director Compensation, as determined in accordance with applicable SEC and NYSE rules. Each Audit Committee member is limited to serving on the audit committees of two other public companies, unless the Board of Directors evaluates and determines that these other commitments would not impair the director s effective service to us. A more detailed discussion of the committee s mission, composition, and responsibilities is contained in the Audit Committee Charter. A copy of this charter, which was last amended by the committee on July 19, 2018, 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 69 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 in light of the Company s goals and objectives and determines base salaries and equity and incentive awards for such officers;

- establishes the annual goals and objectives of the CEO, 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 CEO based on the CEO 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 CEO;

- 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 CEO and other executive officers with such guidelines;

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

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

- periodically reviews and monitors the Company s diversity and inclusion representations and initiatives on a bi-annual basis; and

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

The Compensation and Human Resource Committee has four members, Ms. Bacus and Messrs. Fishback, Ringler and Schwarz, 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 CEO and Chief Human Resources Officer to award equity to individuals other than executive officers in limited instances. In addition, the CEO conducts annual performance evaluations of executives and, after consulting with the Chief Human Resources Officer, provides this committee with his assessments and recommendations with respect to the amount and form of compensation for such executives.

In July 2018, this committee extended the engagement of Frederic W. Cook & Co. (FW Cook) 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 CEO. The rules for the use of the compensation consultants by the committee and management include the following: (i) only the committee and its Chair can hire or fire the consultant with respect to such services; (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 Resources 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 2018, management did not engage the outside compensation consultants to perform any executive compensation consulting services for the Company. Moreover, the Compensation and Human Resource Committee reviewed the independence of the consultant in light of SEC rules and NYSE listing standards regarding compensation consultants and has concluded that the firm s work for the committee is independent and does not raise any conflicts of interest. A more detailed discussion of the committee s mission, composition, and responsibilities is contained in the Compensation and Human Resource Committee Charter, which was last amended on April 29, 2013, and is available on our corporate governance website at http://www.teradata.com/compensation-committee-charter. A report of the committee is set forth below on page 28 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 appropriate responses are made, to stockholder concerns regarding corporate governance matters; and

oversees the Company s Related Person Transactions Policy and Corporate Governance Guidelines, including the standards regarding director independence.

In January 2019, the Committee on Directors and Governance extended the engagement of FW Cook as its consultant to review our director compensation program. The Governance Committee reviewed the independence of FW Cook in light of SEC rules and NYSE listing standards regarding compensation consultants and has concluded that the firm s work for the committee is independent and does not raise any conflicts of interest.

This committee is composed entirely of independent directors, Messrs. Gianoni, Ringler and Stavropoulos. The committee approved the nomination of the candidates reflected in Proposal 1. A more detailed discussion of the committee s mission, composition and responsibilities is contained in its charter, which was last amended on November 29, 2016, 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 five members, Messrs. Gianoni, Kepler, Lund, Ratzesberger, and Schwarz. 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.

Committees of the Board

Board Committee Membership as of December 31, 2018

NAME	EXECUTIVE COMMITTEE (1)	COMPENSATION AND HUMAN RESOURCE COMMITTEE	AUDIT COMMITTEE	COMMITTEE ON DIRECTORS AND GOVERNANCE
Victor L. Lund				
Lisa R. Bacus				
Timothy C.K. Chou				
Daniel R. Fishback				
Cary T. Fu				
Michael P. Gianoni				*

David E. Kepler			*	
Joanne B. Olsen				
Oliver G. Ratzesberger				
James M. Ringler	*			
John G. Schwarz		*		
William S. Stavropoulos				
Number of Meetings in 2018	0	7	9	4

* Committee Chair

(1) As of January 14, 2019, Mr. Ratzesberger replaced Mr. Ringler as a member of the Executive Committee and Mr. Lund became chair of such committee.

Compensation Committee Interlocks and Insider Participation

During 2018, 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 the independent Lead Director, or our non-management or independent directors as a group are welcome to do so by writing our Corporate Secretary at Teradata Corporation, 17095 Via Del Campo, San Diego, CA 92127. The Corporate Secretary will forward any communications as directed. Any matters reported by stockholders or interested parties relating to our accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee as appropriate. Anonymous and/or confidential communications with the Board of Directors may also be made by writing to this address. For more information on how to contact our board, please see our corporate governance website at http://www.teradata.com/contact-the-board.

RELATED PERSON TRANSACTIONS

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

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

The policy requires 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, when evaluating a potential related person transaction include: (i) the size of the transaction and the amount payable to a related person; (ii) the nature of the interest of the related person in the transaction; (iii) whether the transaction may involve a conflict of interest; (iv) whether the transaction is fair to the Company; (v) whether the transaction might impair independence of an outside director of the Company; and (vi) 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.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Our Mission

We transform how businesses work and people live through the power of data.

Our Commitment

At Teradata, we are committed to fostering a corporate culture, anchored in our core values, that intentionally fosters inclusion and diversity, operating in a sustainable manner and giving back to the communities in which we operate. We are committed to a diverse and inclusive workplace. We believe that all our stakeholders our stockholders, employees, customers, suppliers, the people in the communities in which we operate, and the environment must be considered in our daily operations. As a result of our focus on our culture and our communities, we are committed to giving back to the places in which we operate. We are achieving these commitments through a number of initiatives, including those listed below:

Our People and Culture

Teradata s strength is our people. We are an equal opportunity employer, committed to sustaining a world-class team by empowering an environment that is intentionally inclusive and fully leverages diversity in all aspects of our business. We champion each other, share our expertise and learn from each other to multiply our collective value for Teradata s competitive advantage. We continuously strive to create an environment where differences are valued, supported and encouraged.

Teradata is committed to providing a working environment free from discrimination and harassment. We are actively engaged in nurturing an inclusive culture: one that seeks out, welcomes and values diverse people, inclusive actions and diverse solutions for our business.

We are providing training on unconscious bias and will frequently monitor our metrics for progress. We are committed to leverage our insights to uncover unconscious bias and take action to catalyze change. In 2019, there will be additional emphasis in this area through the development of a Teradata Diversity Council.

Our hiring managers and our talent acquisition team are committed to ensuring a diverse slate of candidates for all job openings. In 2019, there will be additional focus on improving inclusive interviewing skills for recruiters and hiring managers.

Through our Leadership Team Mentoring Program, we leverage diversity to create our next generation of leaders by pairing high potential diverse employees with members of our executive management team.

We believe transforming our world begins one community at a time. We support diverse groups and interests within the Company through our employee community groups. We also promote policies and programs that support working families.

We support local STEM education programs to ensure emerging leaders in our communities have opportunities to explore their interests.

Through our commercial and government supplier diversity programs, we seek to integrate supplier diversity into all areas of procurement by identifying, partnering with and purchasing from small businesses and minority and women-owned businesses to support their growth and development.

Sustainable Practices

Products - We design technology for the future, and the future demands powerful analytic solutions that are intended to meet increasingly stringent standards to support the earth s precious resources, including efficient usage of power and water, as well as space efficiency. Therefore, we focus on providing customers with best-in-class products that are not only highly scalable, but environmentally sustainable as well. To that end, we continuously search to find and leverage technology alternatives that can improve performance-per-watt, reduce cooling requirements, and shrink floor space needs in data center requirements as part of our product design initiatives.

Supply Chain - Our suppliers and business partners are expected to meet or exceed the standards of our Code of Conduct which includes adherence to ethical, responsible and environmentally sustainable business practices with respect to all of their Teradata-related activities. We have also established a managed inventory program that requires suppliers to ship bulk quantities of product to local hubs near our manufacturing site, rather than discrete customer shipments. This not only reduces our inventory costs, but also greatly reduces the environmental impact of our manufacturing supply chain.

Facilities - We have designed our facilities to reduce Teradata s environmental impact and have implemented many programs in the areas of video conferencing, virtual employment, recycling and energy conservation that get the job done while using and re-using resources at the most efficient level possible. From printing all corporate business cards on stock that is 100% recycled/post-consumer waste material, to recycling all of our non-hazardous waste and providing 100 charging stations for electric cars at our San Diego headquarters, to installing a cutting-edge building automation system to optimize efficiency in lighting and HVAC systems, to sending our annual report and proxy statement electronically to reduce unnecessary paper usage, we adopt sustainable policies and procedures at every opportunity.

Doing Good with Data

We are committed to giving back to the communities in which we operate. Our Teradata Cares program empowers our employees to help build strong and vibrant communities, improve quality of life and make a positive difference where we live and where we work through volunteerism and giving. Through this program, our employees volunteered more than 25,000 hours of service in 2018.

In line with our mission of transforming how businesses work and people live through the power of data, we are committed to making societal change utilizing the power of what we know best, data. We encourage our employees to partner with charitable organizations by offering data skills since non-profits often lack the resources and human capital needed to analyze volumes of data that could help transform their organizations.

We support our employees giving and volunteer efforts by providing matching donations for employee contributions, project grants, an Annual Day of Caring, and affording every employee four days a year during normal working hours for volunteer efforts of their choice.

Most importantly, our customers across the globe are using our offerings to do great things through data - from supporting the data that provides groundbreaking discoveries in medical research to facilitating lifesaving telecommunications during the recent California wildfires.

Ethical Business Conduct

Teradata has been included on the Ethisphere Institute s list of the World s Most Ethical Companies every year since 2010. We have a zero-tolerance policy for non-ethical behavior and expect the highest standards of compliance throughout the world. Our ethical standards run from top to bottom in our company. All employees, including our Leadership Team and directors, are bound by our Code of Conduct which establishes the minimum standards of proper conduct that must be met. We have also adopted our new core values that help establish and maintain our company culture where Teradata people and Teradata organizations constantly strive to exceed standards and expectations and always strive to Dig Deep and Aim High, Rise as One, Raise up our Customers and our World. At Teradata, we refer to this as doing the right thing always.

We believe we can build a better world by working together and improving lives through the power of data.

For more information:

Visit our Corporate Social Responsibility website:
https://www.teradata.com/About/Corporate-Social-Responsibility-en.

STOCK OWNERSHIP

Ownership by Directors and Officers

This table shows our common stock beneficially owned as of February 15, 2019, by each executive officer named in the Summary Compensation Table found on page 44 of this proxy statement, each non-employee director, and the directors and executive officers and former executive officer as a group.

NAME	TOTAL SHARES BENEFICIALLY OWNED[1]	SHARES COVERED BY OPTIONS[2]	% OF CLASS BENEFICIALLY OWNED[3]
Non-Employee Directors			
Lisa Bacus, Class II Director	32,932	0	*
Timothy Chou, Class II Director	0	0	*
Daniel Fishback, Class I Director	17,375	0	*
Cary Fu, Class III Director	65,198	13,206	*
			*

Michael Gianoni, Lead Director and Class III Director	31,404	0	
David Kepler, Class I Director	88,739	13,206	*
Joanne Olsen, Class III Director	3,796	0	*
James Ringler, Chairman of the Board and Class II Director(4)	144,253	27,689	*
John Schwarz, Class II Director	57,030	9,423	*
William Stavropoulos, Class I Director(5)	103,735	13,206	*
Named Executive Officers			
Victor Lund, Executive Chairman of the Board and Class III Director(6)	236,596	0	*
Oliver Ratzesberger, President and Chief Executive Officer and Class I Director	66,809	29,199	*
Mark Culhane, Chief Financial Officer	11,400	0	*
			*

Daniel Harrington, Chief Services Officer[7]	275,762	184,354	
Eric Tom, Former Chief Revenue Officer (prior to February 1, 2019)	0	0	*
Directors and Executive Officers and former Executive Officer who is a Named Executive Officer as a Group (18 persons)	1,324,888	405,529	1.12%

* 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 shares covered by options that are exercisable within 60 days of February 15, 2019 (as listed in the Shares Covered by Options column). This column also includes (a) shares granted to directors, the receipt of which have been deferred, as follows: Mr. Lund, 11,628 shares; and Mr. Stavropoulos, 16,787 shares; and (b) vested restricted share units, the receipt of which have been deferred, as follows: Mr. Fishback, 14,904; Mr. Fu, 19,333 units; Mr. Lund, 43,432 units; Mr. Ringler, 5,192 units; and Mr. Schwarz, 45,886 units. In each case, these vested deferred shares and shares subject to vested deferred restricted share units can be acquired by such person within 60 days upon such person ceasing to be a director or employee, as applicable.

(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 15, 2019. 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 15, 2019 was 117,578,672.

(4) Includes 93,617 shares held indirectly through a limited liability company.

(5) Includes 2,000 shares held by Mr. Stavropoulos spouse, and 1,000 shares held indirectly by her through a family limited partnership.

(6) Includes 31,270 shares held indirectly through a limited liability company.

(7) Includes 42,520.593 shares attributable to units held by Mr. Harrington in a unitized stock fund under the Teradata 401(k) savings plan.

Other Beneficial Owners of Teradata Common Stock

To the best of our knowledge, based on filings with the SEC made in 2019 by beneficial owners of our stock, the following stockholders beneficially own more than 5% of our outstanding common stock.

NAME	TOTAL NUMBER OF SHARES	PERCENT OF CLASS[1]
First Eagle Investment Management, LLC[2] 1345 Avenue of the Americas, New York, New York 10105	17,003,563	14.5%
BlackRock, Inc.[3] 55 East 52nd Street, New York, New York 10055	11,747,102	10.0%
The Vanguard Group[4] 100 Vanguard Blvd., Malvern, Pennsylvania 19355	11,281,649	9.6%
Wellington Management Group LLP and affiliated entities[5] 280 Congress Street, Boston, MA 02210	8,831,423	7.5%

(1) Percent of class is based on 117,578,672 shares of Teradata common stock issued and outstanding as of February 15, 2019.

(2) Information is based on Amendment No. 6 to Schedule 13G filed by First Eagle Investment Management, LLC with the SEC on February 12, 2019, which reported sole voting power over 16,309,813 shares and sole dispositive power over 17,003,563 shares. According to this filing, the First Eagle Global Fund, a registered investment company for which First Eagle Investment Management, LLC acts as investment adviser, may be deemed to beneficially own 12,190,179 of these shares.

(3) Information is based on Amendment No. 11 to Schedule 13G filed by BlackRock, Inc. with the SEC on February 28, 2019, which reported sole voting power over 11,260,130 and sole dispositive power over 11,747,102 shares. According to this filing, these shares are beneficially owned by the following subsidiaries of Blackrock, Inc.: BlackRock Life Limited, BlackRock International Limited, BlackRock Advisors, LLC, BlackRock (Netherlands) B.V., BlackRock Fund Advisors, BlackRock Institutional Trust Company, National Association, BlackRock Asset Management Ireland Limited, BlackRock Financial Management, Inc., BlackRock Japan Co., Ltd., BlackRock Asset Management Schweiz AG, BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock (Luxembourg) S.A., BlackRock Investment Management (Australia) Limited, and BlackRock Advisors (UK) Limited.

(4) Information is based on Amendment No. 9 to Schedule 13G filed by The Vanguard Group with the SEC on February 12, 2019. According to this filing, The Vanguard Group has sole dispositive power over 11,214,872 shares, shared dispositive power over 66,777 shares, sole power to vote 62,431 shares, and shared power to vote 15,813 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 50,964 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 27,280 shares as a result of its serving as investment manager of Australian investment offerings.

(5) Information is based on Amendment No. 1 to Schedule 13G filed by Wellington Management Group LLP with the SEC on February 12, 2019, which reported shared power to vote 7,759,373 shares and shared dispositive power over 8,831,423 shares. According to this filing, these shares are beneficially owned by Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP, Wellington Management Company LLP, and one or more of the following investment advisers (the Wellington Investment Advisers): Wellington Management Company LLP, Wellington Management Canada LLC, Wellington Management Singapore Pte Ltd, Wellington Management Hong Kong Ltd, Wellington Management International Ltd, Wellington Management Japan Pte Ltd, and Wellington Management Australia Pty Ltd. These securities are owned of record by clients of the Wellington Investment Advisers. Wellington Investment Advisors Holdings LLP controls directly, or indirectly through Wellington Management Global Holdings, Ltd., the Wellington Investment Advisers. Wellington Investment Advisors Holdings LLP is owned by Wellington Group Holdings LLP. Wellington Group Holdings LLP is owned by Wellington Management Group LLP.

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. Neither Mr. Ratzesberger nor Mr. Lund currently receive compensation for their service on our board, and Mr. Lund has not received any compensation for his service on the board since his appointment as an officer of the Company in May 2016.

The compensation of the Company s non-employee directors under the Director Compensation Program is reviewed on an annual basis by the Committee on Directors and Governance (the Governance Committee) with competitive benchmarking provided periodically by an independent compensation consultant retained by the committee. In April 2018, the Governance Committee engaged FW Cook to conduct a competitive market analysis of Teradata s director compensation levels compared to the Company s peers, using Teradata s executive compensation peer group at the time. Following this process and on the recommendation of FW Cook, the Governance Committee determined that the equity component of the compensation levels were reasonable and within market median levels, but that the cash component was below market median. Thereafter, the cash retainer fees for the directors and members of the Board s standing committees, other than the Executive Committee, were updated as noted in the chart below. Additionally, in January 2019, the board approved an annual retainer for the new role of independent Lead Director.

Annual Retainers

The Director Compensation Program, for the 2018-2019 board year (the period between the Company s annual stockholders meetings), includes the following annual retainers:

Each non-employee director	$ 60,000[(1)]
Additional retainers:	
The non-executive Chairman of the Board of Directors (Mr. Ringler)	$ 120,000[(2)]
Independent Lead Director	$ 30,000[(3)]

Each Audit Committee member (including the Chair)	$ 15,000[(4)]
Each Compensation and Human Resource Committee member (including the Chair)	$ 10,000[(5)]
Each Governance Committee member (including the Chair)	$ 5,000[(5)]
Governance Committee Chair	$ 15,000
Audit Committee Chair	$ 35,000
Compensation and Human Resource Committee Chair	$ 25,000

(1) Increased from $50,000 in 2018.
(2) Increased from $100,000 in 2018 but no longer paid as of his resignation as Chairman in January 2019.
(3) New retainer instituted upon designation of an independent Lead Director in January 2019.
(4) Increased from $5,000 in 2018.
(5) New retainer instituted in 2018.

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

Annual Equity Grant

The Director Compensation Program provides that, on the date of each annual meeting of stockholders, each non-employee director will be granted restricted share units (RSUs) and/or stock options to purchase a number of shares of Teradata common stock in an amount determined by the Governance Committee and approved by the board. For the 2018-2019 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 their vested shares.

Initial Equity Grant

The Director Compensation Program also provides that upon initial election to the board, each non-employee director will receive a grant of RSUs, with the same vesting schedule as the annual grant described above. Similar to the annual grant, a director may elect to defer receipt of the vested shares subject to the RSUs.

Ms. Olsen was the only director to receive an initial equity grant during 2018 in connection with her appointment to the board. In this regard, on June 15, 2018, Ms. Olsen received an initial equity grant of RSUs with a total dollar value of $75,000.

Mid-Year Equity Grant

Under the Director Compensation Program, the board has 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 shares or RSUs to directors who are newly elected to the board after the annual meeting of stockholders. Mid-year equity grants made in the form of RSUs have the same vesting schedule and deferral options as the annual grants described above. Option grants made in connection with a mid-year equity grant will be fully vested and exercisable on the first anniversary of the grant. Because she joined the board on June 15, 2018, the board exercised its discretion and awarded Ms. Olsen a mid-year RSU grant on June 15, 2018 with a total dollar value of $229,167.

Benefits

We do not provide any retirement or other benefit programs for our directors.

2018 Director Compensation Table

The following table provides information on compensation paid to our non-employee directors in 2018.

NAME	FEES EARNED OR PAID IN CASH[1] ($)	STOCK AWARDS[2] ($)	OPTION AWARDS[3] ($)	TOTAL ($)
Lisa Bacus	65,000	258,026		323,026

Timothy Chou	70,000	258,026	328,026
Daniel Fishback	65,000	258,026	323,026
Cary Fu	70,000	258,026	328,026
Michael Gianoni, Lead Director	76,250	258,026	334,276
David Kepler	105,000	258,026	363,026
Joanne Olsen	38,750	328,473	367,223
James Ringler	183,750	258,026	441,776
John Schwarz	90,000	258,026	348,026
William Stavropoulos	61,250	258,026	319,276

(1) Represents the annual cash retainers earned for 2018.

(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, of 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 2018. 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, 2018 (our 2018 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 that was granted on April 17, 2018 for the 2018-2019 board year is $41.51 and $43.26 for the initial and mid-year awards granted to Ms. Olsen on June 15, 2018.

The number of RSUs outstanding as of December 31, 2018 for each of the non-employee directors is 3,797 for Ms. Olsen and 3,108 for each of the other directors.

(3) There were no options granted to the non-employee directors for the 2018-2019 board year. The number of shares underlying each option award outstanding as of December 31, 2018 for each of the non-employee directors is as follows: Mr. Fu, 23,916; Mr. Kepler, 13,206; Mr. Ringler, 27,689; Mr. Schwarz, 9,423; and Mr. Stavropoulos, 13,206, and 0 for each of the other directors.

Director Compensation

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 $60,000 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. As of December 31, 2018, all of our directors are in compliance with these ownership guidelines, except Ms. Olsen who is on track to meet the guideline within 2 years of her appointment as a director.

(1) Excludes shares owned by former CEO, Mr. Lund.

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, 2018.

Dated: February 25, 2019

The Compensation and Human Resource Committee:

John G. Schwarz, Chair

Lisa R. Bacus, Member

Daniel R. Fishback, Member

James M. Ringler, Member

COMPENSATION DISCUSSION AND ANALYSIS

Named Executive Officers and Leadership Changes

This Compensation Discussion and Analysis (this CD&A) describes the executive compensation program for 2018 established by the Compensation and Human Resource Committee (the Committee). Our named executive officers for 2018 include:

NAME	POSITION
Victor Lund	Executive Chairman of the Board (effective January 14, 2019) Former President and Chief Executive Officer
Oliver Ratzesberger	President and Chief Executive Officer (effective January 14, 2019) Former Chief Operating Officer
Mark Culhane	Chief Financial Officer
Daniel Harrington	Chief Services Officer
Eric Tom	Former Chief Revenue Officer (prior to February 1, 2019)

Oliver Ratzesberger was promoted to Chief Operating Officer (COO) on February 5, 2018. Following a thorough and thoughtful process undertaken by the Board of Directors, on January 14, 2019, Mr. Ratzesberger was subsequently named the Company s new President and Chief Executive Officer (CEO), replacing Victor Lund, who served in that role since 2016 and who was appointed Executive Chairman of the Board at that time. Eric Tom left the Company as of February 1, 2019, and Mr. Ratzesberger is serving as acting Chief Revenue Officer until a replacement is identified.

SECTION 1: EXECUTIVE SUMMARY

Business Transformation Highlights and Key Compensation Decisions

Teradata is in the midst of a successful change in strategy. As expected, this business transformation continues to impact reported financial results and is factored into our executive compensation program as described below.

Our business model is changing with our new strategy as we shift to subscription-based transactions that build an attractive recurring revenue stream enhancing long-term shareholder value. In 2018, Teradata made significant progress and exceeded expectations in executing this new business model as customers continued to embrace our Teradata Everywhere offerings that were only offered on a subscription basis. Nearly 80% of our product bookings for the year were subscription-based, resulting in revenue recognized over the multi-year life of the customer agreement rather than all upfront as was our historical practice. As customers rapidly convert to purchase Teradata offerings via subscription, we expect a more predictable revenue stream over time. As a result, recurring revenue growth is one of the key factors that investors use to measure our success, particularly as our reported revenue is negatively impacted in the near term.

The shift to a recurring revenue model was factored into our annual incentive plan. We continue to believe that our performance is best measured by taking this revenue shift into consideration, and the 2018 annual incentive plan therefore measured results on a pro-forma basis (see page 35 of this CD&A for more information on this calculation). When viewed on this basis, and even with the more rapid shift to subscription than expected in our bookings mix, we significantly exceeded our revenue and profitability goals for the year. Consequently, our named executive officers were eligible for a maximum payout under the Teradata Management Incentive Plan. However, as explained below on page 37 of this CD&A, the Committee exercised discretion to reduce the total payout level to 145%, subject to additional adjustments to differentiate payouts based on individual performance.

In 2018, our executive compensation program continued to be heavily weighted to performance-based compensation that was tied to our strategy annual cash incentives were designed to drive profitable growth and long-term equity awards were tied to key financial measures that are critical to the execution of our transformation. Base salaries remained unchanged from prior-year levels for our named executive officers, other than an increase for Mr. Ratzesberger in connection with his promotion to COO in early 2018.

Our 2018 long-term incentive program was designed to drive the evolution of our business transformation. Payment of the performance-based equity awards is based on the extent to which we achieve key performance metrics over a three-year period (2018 to 2020): double digit annual recurring revenue (ARR) growth and continued increases in the percentage of subscription-based bookings with target-level goals that were in line with our guidance to investors at the time they were established. We also continued our firm pay-for-performance commitment by allocating 70% of the long-term incentive opportunity to performance-based share unit awards.

As explained in this CD&A, we believe Teradata has made significant progress transforming our business in 2018, and the compensation of our executives is consistent with this level of performance. In addition, the Committee has demonstrated its commitment to setting challenging performance goals under our executive compensation program that will drive our strategic direction for years to come.

2018 Strategic and Financial Performance at a Glance

Under the leadership of Mr. Lund (our former CEO) and Mr. Ratzesberger (our former COO and current CEO), Teradata continued to make tremendous progress refining and executing our strategic initiatives and delivering value to our stockholders, as evidenced by achieving double-digit ARR and recurring revenue growth that exceeded our guidance to investors for the year. (Annual recurring revenue or ARR is the annual value at a point in time of all of our recurring revenue contracts.)

We made a number of major strategic advancements in 2018, including the following:

We refined our strategy to focus on delivering pervasive data intelligence the ability to manage and glean value from 100% of a customer s data across an enterprise to our targeted market segment of megadata companies who are the world s most demanding, large-scale users of data. To execute this strategy and deliver long-term value for stockholders, Teradata is focusing on the following five key imperatives:

RELENTLESSLY FOCUS ON CONSUMPTION	RADICALLY SIMPLIFY	PIVOT TOWARDS AS-A-SERVICE	TRANSFORM OUR GO-TO-MARKET & BRAND	DELIVER OPERATIONAL EXCELLENCE
Focusing the entire Company on ARR growth from the go-to-market organization to the C-suite through incremental use cases on our new Teradata Vantage analytics platform and overall subscription sales	Delivering an improved customer user experience and making Teradata s offerings easier to consume, which should in turn drive consumption and ARR growth	Giving customers greater agility at a lower cost and improving Teradata s gross margins by shifting from providing consulting first to as-a-service first	Re-positioning Teradata with a bold new brand to improve perception and realigning our go-to-market organization around our strategy of focusing on megadata companies	Improving efficiency and execution across Teradata and its supply chain to drive increases in profitability and cash flows

Our long-standing tradition of technology innovation continued as we introduced Teradata Vantage, our ground-breaking new analytics platform which we believe provides the following key benefits to our customers as demonstrated by its record adoption when released in the fourth quarter of 2018:

UNIFIES AND SIMPLIFIES ANALYTIC ECOSYSTEMS

Vantage offers full integration with multiple tools and languages, leading analytic engines, and new sources of data to deliver analytics that matter to create better business outcomes.

DE-RISKS CUSTOMER BUYING DECISIONS

Through Vantage, customers can access descriptive, predictive and prescriptive analytics can be deployed on-premises, in public or private cloud environments, or as-a-service .

DELIVERS MASSIVE SCALE AND INTEGRATION

Vantage allows customers to leverage 100% of their data throughout the enterprise to deliver real-time, intelligent answers to their toughest business questions regardless of the scale or volume of the queries.

At the core of our progress during the year, was a focus on reinvigorating the people and culture of Teradata. Our executive leadership team has also been revitalized with many new leaders onboarded to execute our strategy. In connection with our new brand, we developed the following core values to inspire the best in our people based on our stated mission We transform how businesses work and people live through the power of data :

WE DIG DEEP AND AIM HIGH

As a trusted advisor for our customers, we tackle their toughest challenges by going all in across every function in the organization. We dig deep with all

WE RAISE UP OUR CUSTOMERS AND THE WORLD

We want to challenge the status quo and crack the code on the future. We thrive on challenges and the opportunity they present to innovate,

WE RISE AS ONE

We are on a mission to disrupt current thinking and to make the world a better place. When we champion and respect one another, share our expertise, and our talent and experience to find and support solutions and services through collaboration and the high standards we set for ourselves.

learn new skills, gain new insights, and raise our game. We act ethically with urgency and agility, to meet the demands of our customers and the needs of our colleagues. We give back and make a meaningful contribution to our community and our world.

learn from each other regardless of department or expertise we multiply our value. We are one team with a single vision.

Stockholders saw the benefits of our strategic initiatives through strong financial metric improvements in 2018, including the following key highlights:

Our strategy is working as the mix of our subscription-based bookings increased significantly to 79% of total bookings for the year, materially increasing from 2017.

The acceleration of subscription bookings drove total ARR growth of 10% over prior year.

We also built future recurring product revenue, demonstrated in part by recurring revenue growth of 10% over prior year.

Despite an accelerated shift to subscription-based bookings, reported revenue in 2018 met expectations and was above the prior-year s level.

Our stock price increased 45% during the three years ended December 31, 2018, and 64% between May 4, 2016 and January 15, 2019, the period that Mr. Lund served as CEO.

Stockholder Engagement and Compensation Program Enhancements

Teradata received strong support from our stockholders for our executive compensation program, with a **92% FAVORABLE SAY-ON-PAY VOTE** at our 2018 annual meeting. The Committee views this strong result as confirmation that our compensation program is appropriately structured to support our ongoing business transformation.

We greatly value the input received from our stockholders and engage with them on a variety of matters including strategy execution, executive compensation and corporate governance as part of a year-round engagement process described below:

We reach out to largest investors to engage in discussions regarding issues that are important to them and to seek their input on executive compensation and corporate governance matters. Our outreach team includes Investor Relations, Executive Compensation and Corporate Governance representatives from Teradata s management team, including the Chief Human Resources Officer and, if requested, the independent Chair of the Committee.

As we prepare for the proxy season, we consider investor feedback and perspectives in evaluating and structuring our executive compensation program and preparing proxy statement disclosures.

After proxy materials are filed, we invite our largest investors to discuss proposals to be considered at the next annual meeting of stockholders. As outlined on page 20 of this proxy statement, there are also a number of established channels that any investor may use to communicate with the Company.

As part of the proxy solicitation process and following our 2018 annual meeting, we continued our practice of soliciting input from our largest 25 institutional investors, representing over 77% of our outstanding shares, and answering their questions regarding a variety of topics of interest to them, such as the design of our executive compensation program, CEO succession planning, board diversity and corporate governance best practices, and the execution of our business transformation strategy.

The feedback we received from investors through this engagement process was quite positive. During these discussions, some common themes emerged with respect to our executive compensation program and related disclosures, all of which were consistent with what the Committee implemented in 2017. In addition, institutional shareholders provided input regarding enhanced disclosures they were interested in seeing with respect to human capital management and sustainability. Specifically, investors appreciated that:

We continued our firm commitment to pay-for-performance by allocating **70% of the long-term incentive opportunity to performance-based share unit awards**.

We granted performance-based share unit awards subject to two key **financial metrics that are strongly linked to our long-term business strategy**: ARR growth and subscription-based bookings.

We granted performance-based share unit awards that will be earned based on achievement of cumulative financial **performance metrics measured over a 3-year period**.

We **redesigned the proxy statement** to improve readability and ease of understanding, including infographics and more tables, among other things.

We **added and enhanced disclosures** in the proxy statement regarding Teradata s people and culture, including our commitments to corporate responsibility and sustainability. Additional disclosure was also included in this year s CD&A regarding the compensation actions taken in connection with the CEO transition in January 2019, as well as disclosures regarding the performance-based share unit awards granted as of March 1, 2019.

Pay-For-Performance Commitment

Teradata is committed to rewarding talent that drives our organizational success. As part of our business transformation in 2018, we emphasized a culture of high performance, and our talent and rewards strategies centered on incentive programs that provided rewards based on meaningful demonstrations of business achievements and individual performance contributions to the Company. Moving forward, we will continue to drive this philosophy in all of our talent and rewards programs.

The Committee has designed the compensation program for our named executive officers to reflect the importance placed on Company and business achievement in a high-performing culture. To that end, our core compensation program is closely aligned with Company performance and consists of base salary, annual incentives and long-term equity incentives. As illustrated below, in 2018, approximately 92% of the target total direct compensation for our former CEO, Mr. Lund, and 82% for the other named executive officers serving at the end of the fiscal year was performance-based.

SECTION 2: COMPENSATION PHILOSOPHY AND GOVERNANCE

Our executive compensation program is designed to attract, retain and align our business leaders with our goals to drive financial and strategic growth, while also delivering long-term stockholder value. Like our business, these programs must be dynamic and adjusted regularly to align with our intensely competitive and changing business, particularly as the Company is undergoing a strategic transformation. Underlying this evolving structure, all of our compensation programs promote sound governance and balance, driving results while mitigating risks. To that end, the Committee has implemented governance best practices to reduce compensation risks and to align compensation with industry norms and stockholder interests. See Section 6 of this CD&A for more details regarding some of these key policies and practices.

Best Practices We Follow

ESTABLISH COMPETITIVE COMPENSATION LEVELS	MAINTAIN A DOUBLE TRIGGER	MINIMIZE COMPENSATION RISKS	IMPOSE STOCK OWNERSHIP GUIDELINES
for our named executive officers within the technology industry	for change in control severance benefits and equity award vesting	by periodically reviewing our compensation program to confirm that our compensation policies and practices are not encouraging excessive or inappropriate	in line with stockholder interests requiring robust ownership levels for executive officers

		risk-taking	
MAINTAIN A CLAWBACK AND HARMFUL ACTIVITY POLICIES so that we can recover cash or equity incentive compensation based on financial results that were later restated and can cancel outstanding equity awards and recover realized gains if executives are terminated for cause or engage in certain other harmful activity	RETAIN AN INDEPENDENT COMPENSATION CONSULTANT to provide expert objective, third-party advice regarding executive pay programs and competitive market practices	HOLD ANNUAL ADVISORY VOTE ON EXECUTIVE COMPENSATION to give investors the opportunity to express their views on pay on a regular basis	REVIEW OVERHANG LEVELS AND BURN RATES to confirm that they are consistent with industry norms and shareholder expectations
NO EXCISE TAX GROSS-UPs In Company severance plans	NO HEDGING OR PLEDGING of Company stock	NO REPRICING of stock options or granting of discounted stock options	NO FIXED TERM EMPLOYMENT AGREEMENTS OR DEFINED BENEFIT PLANS

SECTION 3: CORE COMPENSATION PROGRAM

Summary of 2018 Compensation Decisions

Base Salary

We provide a base salary to retain and attract key executive talent and to align our compensation with market practices. Base salaries are reviewed and established by the Committee on a competitive basis each year to ensure they are appropriate and consistent with competitive market levels. In early 2018, the Committee increased Mr. Ratzesberger s base salary by approximately 10.5% (from $475,000 to $525,000) in connection with his promotion and expanded duties as COO of the Company. As noted on page 40 of this CD&A, on January 14, 2019, Mr. Ratzesberger received an additional increase in his base salary in connection with his election as President and CEO to $750,000. The Committee did not adjust the base salaries of the other named executive officers in 2018.

2018 Annual Bonus Awards

Our named executive officers participated in our 2018 annual bonus program under the Teradata Corporation Management Incentive Plan (2018 Management Plan) with target incentive opportunities as set out in the table below that were unchanged from 2017 levels.

NAME	TARGET OPPORTUNITY (AS % OF BASE SALARY)
Victor Lund	125%
Oliver Ratzesberger	100%
Mark Culhane	100%
Daniel Harrington	100%
Eric Tom	100%

Total payouts under the 2018 Management Plan are based primarily on our achievement of two equally weighted key financial measures: GAAP revenue and non-GAAP operating income, which are calculated as described below on a pro-forma basis to normalize the impact of the Company s shift to subscription-based revenue model during the year.

MEASURE	WEIGHT	BUSINESS OBJECTIVE	DEFINITION
Pro forma GAAP Revenue	50%	Reward our executives for achievement of revenue objectives	GAAP revenue, plus total contract value of all subscription-based product bookings during the period (includes rental, term software licenses, cloud and as-a-service offerings,

			whether ratable or upfront) without a cap on the length of the contract, minus revenue recognized for all subscription-based product bookings.
Pro forma Non-GAAP Operating Income	50%	Incent our executives to deliver attractive contribution margins and stockholder value	Reported non-GAAP operating income minus actual subscription-based gross margin (for rental, ratable and upfront subscription-based product bookings) minus actual cloud gross margin, plus subscription TCV (the total contract value for subscription-based product bookings), multiplied by the actual standard product gross margin rate (actual gross margin before corporate allocations).

The Committee believed that calculating and measuring revenue and operating income performance on a pro-forma basis would provide a transparent and streamlined methodology to reflect the Company s transition to a subscription-based revenue model. Through the transformation process, Teradata s method of determining performance has been evolving (for example, in 2017, a perpetual equivalent value was used to determine performance under the Company s executive compensation programs). In 2018, the pro-forma approach was favored because it was based on a formulaic calculation that normalized the impact of the shift to subscription revenue rather than the more manual, transaction-by-transaction conversion through the methodology employed in 2017. In future years as the Company s transformation to subscription-based revenue is completed (with immaterial levels of upfront, perpetual revenue), the Committee plans to move away from applying normalizing adjustments to reported results; however, the 2019 annual bonus plans will factor in the extent to which the percent of subscription-based bookings for the year varies from the level assumed in the financial plan for the year.

The following chart sets forth the 2018 revenue and operating income targets under the 2018 Management Plan, along with the profitability gate , which if not achieved would cap payout for each financial measure at the target level. This gate was established by the Committee so that the annual bonus payouts were funded by operating income achievements for the year. As noted on pages 29 to 30 of this CD&A, the Committee factored in the Company s continued shift to a subscription-based revenue model when establishing the 2018 annual bonus performance goals. The Committee believed that the target levels for the financial measures were sufficiently rigorous and aligned with stockholder interests for the following reasons:

- The pro-forma GAAP revenue target of $2.46 billion was based on a reported revenue goal of $2.252 billion for the year, which was higher than our reported revenue in 2017 of $2.156 billion, despite the fact that the 2018 reported revenue plan included the negative impact of the timing of revenue recognition as a result of the shift to subscription;
- The pro-forma non-GAAP operating income target was based on the Company s non-GAAP operating income plan of $263 million in 2018, which was $7 million more than achieved in 2017;
- As a result of a profitability gate, payout above the target level for either financial measure could only be made if non-GAAP operating income as reported in the Company s 2018 earnings release exceeded the Company s 2018 approved financial plan target amount as adjusted to reflect the actual percentage of subscription-based transactions on the 2018 financial plan target amount; and
- The target levels for the financial measures were in line with guidance provided by management to stockholders at the beginning of 2018 when the goals were established by the Committee.

FINANCIAL MEASURE (IN MILLIONS)	**0% (THRESHOLD)**	**100% (TARGET)**	**200% (MAXIMUM)**	**ACTUAL PERFORMANCE[1][2]**	**ACHIEVEMENT LEVEL**
Pro forma GAAP Revenue[1]	$ 2,214	$ 2,460	$ 2,829	$ 3,096	200%
Pro forma Non-GAAP Operating Income[1]	$ 321	$ 409	$ 479	$ 897	200%
Total					200%
Non-GAAP Operating Income Profitability Gate[2]		$ 190		$ 210	

(1) When establishing the performance objectives under the 2018 annual bonus plan in February 2018, the Committee also approved adjustments to actual performance to exclude the impact of foreign currency exchange rates from pre-established plan rate levels, which resulted in a $33 million adjustment to GAAP revenue and an $11 million adjustment to non-GAAP operating income. The operating income target was also increased by $10 million as a

result of a change in accounting rules during the year pursuant to a pre-approved adjustment.

(2) The profitability gate is based on the Company s 2018 approved financial plan target amount for non-GAAP operating income ($269 million) as adjusted to reflect the actual percentage of subscription-based transactions on the 2018 financial plan target amount.

Payouts of Annual Bonuses

Each named executive officer was eligible to receive a payout under our 2018 Management Plan equal to the maximum level of his target annual incentive opportunity, based on our performance relative to the financial measures described above. However, this achievement level was subject to adjustment, in the Committee s discretion, based on its assessment of overall Company performance, the quality of financial results, and individual performance relative to our annual business objectives.

When determining the final achievement level of annual bonuses under the 2018 Management Plan, the Committee exercised discretion to reduce the achievement level by 55 percentage points for each named executive officer based on the Committee s assessment of the Company s overall financial performance and stockholders profitability expectations for the year. The Committee also exercised discretion to make additional adjustments to the achievement level of each named executive officer to reflect extraordinary individual performance achievements and other factors relative to our 2018 business objectives. These adjustments, along with the final achievement level for each named executive officer, are listed below:

Name	Achievement Level After Discretionary Financial Performance Reduction	Adjustment for Individual Performance	Extraordinary Individual Performance Factors	Final Achievement Level
Victor Lund	145%	+ 25%	Led company through business transformation and established an executable and sustainable strategy Developed strong leadership team and executed successful CEO succession planning process	181%
Oliver Ratzesberger	145%	+ 25%	Architected strategy and drove operational plans for its implementation Executed personal growth and development plans as part of CEO succession process Created alignment and focus on a common vision	181%
Mark Culhane	145%	+10%	Drove execution of conversion to subscription revenue model and recurring revenue valuation by investors Established disciplined processes regarding transaction approvals	160%
Daniel Harrington	145%	+ 10%	Demonstrated leadership in converting customer service challenges to future business opportunities	160%

			Served as executive mentor across all levels of leadership	
Eric Tom	145%	- 31%	Fell short of expectations with respect to efforts to execute strategy, including re-alignment of the go-to-market organization	100%

The 2018 annual bonus payment amounts are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table of this proxy statement on page 44. For more information on the 2018 annual bonus program for our named executive officers, please refer to the Grants of Plan-Based Awards section on page 46 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 vest over a period of three years. This structure is intended to align executives interests with those of our stockholders, enhance our retention incentives and focus our executives on delivering sustainable performance over the longer-term. The design of this program has evolved over the past several years to reflect the core performance metrics and incentive structure the Committee believed was necessary to drive our long-term success through the business transformation in a manner that was reflective of feedback received from investors during our shareholder engagement process. The following chart includes a high-level summary of the elements of the performance-based and serviced-based restricted share unit (RSU) equity vehicles and performance criteria, as applicable, for our long-term incentive program during the course of our business transformation (from 2016 to 2019).

Long-Term Equity Program Evolution

EQUITY VEHICLES AND WEIGHTING	50% performance-based RSUs 30% service-based RSUs 20% stock options	100% performance-based RSUs	70% performance-based RSUs 30% service-based RSUs	70% performance-based RSUs 30% service-based RSUs
PERFORMANCE MEASURES FOR PERFORMANCE-BASED EQUITY	50% TSR based on 3-year period ending 12/31/2018	40% TSR based on 3-year period ending 12/31/2019	50% Compounded ARR Growth over a 3-year period ending 12/31/2020	50% Compounded ARR Growth over a 3-year period ending 12/31/2021

		50% Financial measure (EPS) for 1-year period ending 12/31/2016	60% Various financial and operational measures for 1-year period ending 12/31/2017	50% Based on annual percent of subscription-based product bookings over a 3-year period ending 12/31/2020	50% Free Cash Flow as a % of Revenue as measured at the end of a 3-year period on 12/31/2021
GRANT TIMING	**Grant Date** **Effective Date of Grant for Performance-based Equity**	December 2015 December 2015 (TSR-based awards) February 2016 (EPS-based awards)	November 2016 November 2016 (TSR-based awards) February 2017 (other performance-based awards)	November 2017 February 2018	March 2019 March 2019

Annual Grants 2018

Prior to 2018, our executives received annual equity grants at the end of each year, including performance-based and service-based RSUs. For 2018, the annual equity awards were approved by the Committee on November 27, 2017. The target long-term incentive opportunities are set out in the table below.

NAME	LONG-TERM INCENTIVE OPPORTUNITY	
Victor Lund	$	8,500,000
Oliver Ratzesberger	$	2,800,000
Mark Culhane	$	3,000,000
Daniel Harrington	$	1,750,000
Eric Tom	$	2,500,000

We continued our firm commitment to pay for performance by allocating **70% of the long-term incentive opportunity to performance-based RSUs** and 30% to service-based RSUs. These equity awards are summarized in the chart above. The performance-based RSUs will be earned if Teradata achieves two equally weighted financial goals during the **3-year performance period** ending December 31, 2020, which were designed to help position the Company as a consumption-based technology leader in the analytics and software-as-a-service industry as described below. The service-based awards are designed to provide a meaningful retention incentive for our executives in line with competitive market practices.

2018-2020 PERFORMANCE MEASURES	RATIONALE
ARR Growth. 50% of the award is based on double-digit target level compounded annual ARR growth over the 3-year period.	ARR growth is a measure that stockholders use to determine the extent to which we are shifting to a more predictable business model that is intended to drive more consistent revenue growth over time.
Percent of Subscription Bookings. 50% of the award is based on cumulative annual goals regarding annual total contract value for subscription-based bookings over a 3-year performance period (with annual goals set in the first quarter of each year during the performance period). This schedule was established at the time the award was granted due to the difficulty in predicting the pace and extent to	This measure tracks our percent of total contract value for subscription-based bookings compared to total contract value for subscription-based and perpetual license bookings, which demonstrates to investors our ability to execute our strategy by growing a more reliable and profitable revenue stream that will benefit the Company and stockholders for years to come.

which customers would convert to subscription-based
transactions.
As described under the heading 2018 Target Compensation on page 46 of this proxy statement:

Performance-based RSU awards were treated for financial accounting purposes as granted in February 2018, when the Committee established performance goals for those awards. As a result, those performance-based RSUs are reported in the 2018 Summary Compensation Table and Grants of Plan-Based Awards Table.

Service-based RSU awards were treated for financial accounting purposes as granted in November 2017, when the Committee approved the 2018 long-term incentive program. As a result, the service-based RSUs were reported in the 2017 Summary Compensation Table and Grants of Plan-Based Awards Table.

For further details regarding these awards, please refer to pages 37 to 38 of Teradata s Proxy Statement for the year ended December 31, 2017.

Annual Grants 2019

As indicated in the chart above on page 38, the Committee has decided to modify its equity award grant practices going forward after consulting with its independent compensation consultant. Instead of granting annual equity awards in the fourth quarter of each year, the Committee will approve grants in the first quarter of the year. This change is intended to better align our annual grant cycle with market practices and enhance our ability to reward executives with long-term incentive grants based on actual financial results for the prior year. Accordingly, our next annual equity grant did not occur until February 2019, when the Committee approved the grant of performance-based and service-based RSUs to our named executive officers, effective as of March 1, 2019.

Section 3: Core Compensation Program

The annual equity grants made to our named executive officers in February 2019 were allocated 70% to performance-based RSUs and 30% to service-based RSUs. The performance-based RSUs are equally weighted based on ARR growth and free cash flow as a percent of reported revenue, both based on a three-year performance period ending December 31, 2021. Once again, the Committee aligned the performance goals for these awards to reported financial metrics that are key to executing our strategy and completing our transformation to a subscription business model. The ARR growth measure is based on driving compounded double-digit ARR growth and meaningful cash flow improvements over the 3-year period over and above prior-year levels. The free cash flow as a percent of revenue measure was chosen for this plan versus the percent of subscription-based bookings metric because the Committee believes it better reflects our long-term ability to generate cash and profitability.

Payout of Performance-Based RSUs for the 2016 2018 Performance Period

As part of our annual 2016 long-term incentive program, we granted performance-based RSUs to our named executive officers (other than Mr. Culhane and Mr. Tom, who were not employed by the Company at that time) providing them with the opportunity to earn shares based on our total shareholder return (TSR) performance relative to the other companies in the S&P 1500 Information Technology Index for the 3-year period ending December 31, 2018.

The payout levels for the 2016-2018 performance-based RSUs, as well as the result that was certified by the Committee in February 2019, are as follows:

Relative TSR Performance Percentile	Percent Payout of Target	Result	Payout of Target
90th or Higher	200%		
50th (Target)	100%	38th percentile	76%
25th	50%		
Below 25th	0%		

In establishing the threshold and target performance levels for the 2016-2018 performance cycle, the Committee took into account that, during 2013-2015, the Company had performed at or below the 25th percentile level of the S&P 1500 Information Technology Index. As a result, in taking into consideration stockholder interests, the Committee believed that achievement at or above the 50th percentile would represent significant performance improvement, while also representing a realistic, yet challenging, performance goal. In further alignment with stockholder interests, the Committee also (i) approved a cap on the absolute level of payout that could be earned under these awards, and (ii) capped any payout at median results if absolute TSR were negative (but relative TSR greater than the 25th percentile).

2019 Changes to Compensation in Connection with CEO Transition

As noted on page 29 of this CD&A, on January 14, 2019, Mr. Ratzesberger was named our new President and CEO, replacing Mr. Lund, who served in that role since 2016 and was appointed Executive Chairman of the Board at that time.

In connection with his appointment as President and CEO, Mr. Ratzesberger will receive an initial base salary of $750,000 per year, a target annual incentive bonus of 125% of his base salary, and will continue to be eligible to participate in the Company s change in control plan and executive severance plan as well as other benefit plans generally made available to the Company s executives. Mr. Ratzesberger will also receive a target award opportunity for his annual equity grant under the Company s 2019 long-term incentive program equal to $6.5 million, which award shall be granted upon the terms, and subject to the conditions, applicable to the Company s other senior executives as described above.

As Executive Chairman of the Board, Mr. Lund will receive a base salary of $600,000 per year as he continues to be employed by the Company. However, he is not participating in any of Teradata s annual incentive plans, long-term incentive programs, severance plans, or the change in control plan for employees, nor is he participating in any compensation plans or programs for non-employee directors. In addition, Mr. Lund will continue to vest in the service-based and performance-based RSUs previously granted to him as long as he continues to remain an employee or director of the Company. In the event that (i) his employment is terminated for any reason other than for cause (as defined in the applicable award agreements), or (ii) if he is no longer an employee and Mr. Lund is not nominated for re-election by the board as a director, then such awards shall become immediately vested and exercisable; provided that, any performance-based RSUs shall vest based upon actual performance during the entire performance period.

SECTION 4: COMPENSATION CONSULTANT AND PEER GROUP

Compensation Consultant

For 2018, the Committee retained Frederic W. Cook & Co., Inc. (FW Cook) as the Committee s independent compensation consultant, reporting directly to the Committee and serving at the sole discretion of the Committee. The consulting firm does not perform any other services for the Company, other than advising the Board of Directors on its director compensation program. The Committee has assessed the independence of FW Cook pursuant to SEC rules and NYSE listing standards and concluded that there was no conflict of interest that would prevent the consulting firm from independently advising the Committee.

During its engagement, FW Cook provided information to the Committee regarding 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 compensation peer group, as established by the Committee.

The Committee examines the compensation peer group on an annual basis, with input from management and its independent compensation consultant. When establishing base salary and annual incentive levels in early 2018, the Committee continued to use the following criteria to select the compensation peer group:

- Revenue of between one-third to three times our size
- Market capitalization of between one-third to six times our size
- U.S.-based (or Canada-based with a U.S.-style pay model and disclosure)
- Software, internet software and services, or IT consulting industries

In 2018, the Committee did not make any adjustments to the compensation peer group. The following chart lists the companies in our compensation peer group, along with their revenue and approximate number of employees for the last completed fiscal year.

Peer Group v. Teradata

COMPANY	REVENUE (in millions)	APPROX. # OF EMPLOYEES	COMPANY	REVENUE (in millions)	APPROX. # OF EMPLOYEES
	$ 5,911.0	10,300		$2,502.9	7,650

$	4,928.0	11,000	$2,281.5	8,800
$	4,834.0	11,800	**$2,156.0**	**10,615**
$	4,329.9	10,000	$2,051.7	10,400
$	4,036.0	11,800	$1,943.0	7,200
$	3,598.5	9,000	$1,851.1	5,900
$	3,311.5	15,131	$1,739.8	6,222
$	2,824.7	7,500	$1,494.9	5,066
$	2,815.2	12,200	$1,270.8	3,200
$	2,724.9	11,686	$1,030	3,668
$	2,574.2	11,870	$877.1	3,489

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SECTION 5: SEVERANCE, CHANGE IN CONTROL AND OTHER BENEFITS

Change in Control Severance Plan

Each of our named executive officers other than Mr. Lund and Mr. Tom who is no longer an employee participates in the Teradata Change in Control Severance Plan (the CIC Plan), the objectives and provisions of which are summarized below:

Business Objectives	Increased Retention Incentives. 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.
	Alignment with Market Practices. Based on information provided by the Committee s independent compensation consultant, change in control severance 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.
Severance Provisions	Severance Protections on Double Trigger. The CIC Plan provides for separation payments and benefits to our named executive officers (other than Mr. Lund and Mr. Tom), which are reviewed annually by the Committee. The CIC Plan provides benefits on a double trigger, meaning that the severance benefits are paid, and equity awards vest, if our executives incur a qualifying termination in connection with a change in control. The threshold for an acquisition of Teradata stock that would constitute a change in control is an acquisition of 50% or more of the Company s outstanding common stock or voting securities.
	No Excise Tax Gross Ups. The CIC Plan does not allow for gross-up payments related to excise taxes that may be imposed under Section 280G of the Internal Revenue Code.

Executive Severance Plan

The Company maintains the Teradata Executive Severance Plan (the Executive Severance Plan), in which each of our named executive officers participates, other than Mr. Lund and Mr. Tom who is no longer an employee. This plan promotes retention incentives for our executives by establishing severance protections for participants that are consistent with both market levels and Teradata s past practices, while eliminating the need to negotiate individual severance agreements in connection with an executive s termination or at the time of hire.

For our participating named executive officers, the Executive Severance Plan provides severance protections, as described below, in the event of termination of employment by the Company without cause (and not because of the participant s disability or death) prior to (and not in connection with) a change in control of the Company. As described above, each of our named executive officers other than Mr. Lund and Mr. Tom participates in the CIC Plan, and in the event of a termination of employment by the Company without cause or by the participant for good reason in connection with a change in control, those participants would be entitled to receive severance benefits as provided under the CIC Plan. Each of our participating named executive officers would be entitled to receive the following top level of benefits under the Executive Severance Plan in the event of a qualifying termination of employment, and Mr. Tom was entitled to such benefits upon his departure from the Company as of February 1, 2019:

Salary and target bonus continuation for one year;

A prorated annual cash incentive bonus for the year of termination (generally based on the executive s target bonus opportunity and actual Company performance as determined under the Company s Management Incentive Plan);

Continued medical, dental and visual care coverage, with the Company continuing to subsidize its share of the premium during the one-year salary continuation period;

Outplacement services for up to one year;

Pro-rata vesting of service-based and performance-based RSUs (subject to achievement of applicable performance goals for performance-based RSUs); and

For all retirement-eligible participants (*i.e.*, participants aged 55 or older), an additional year of vesting service for stock options and service-based RSUs (but not performance-based RSUs), and the opportunity to exercise vested stock options until the earlier of three years after termination or the original option expiration date.

To receive severance benefits under the Executive Severance Plan, a participant must agree to a release of claims against the Company. As a condition of participation in the Executive Severance Plan, each eligible employee must also agree to comply with certain restrictive covenants, including non-competition, non-solicitation, non-disparagement and confidentiality provisions to the extent permissible under applicable law.

More information on the CIC Plan and the Executive Severance 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 50 of this proxy statement.

Limited Perquisites

From time-to-time we offer limited, travel-related perquisites to our named executive officers. In particular, during 2018, Teradata covered the commuting expenses for Mr. Culhane and Mr. Tom, including the cost of housing and transportation in connection with their travel to our headquarters in San Diego.

SECTION 6: OTHER COMPENSATION POLICIES AND PRACTICES

We maintain several key compensation policies and practices that reinforce our pay for performance culture and promote the alignment of the interests of our executives and our stockholders, including the following:

POLICY/PRACTICE	DESCRIPTION
Stock Ownership Guidelines	Our executives are subject to robust stock ownership guidelines, which require our CEO to hold at least 135,000 shares and our other current named executive officers to own 35,000 shares. Each of our current named executive officers (other than Mr. Tom) exceeded his required ownership level as of December 31, 2018.
Clawback and Harmful Activity Policies	We maintain a Compensation Recovery Policy (commonly referred to as a clawback policy), which generally provides that we may recover performance-based compensation if the payout was based on financial results that were subsequently restated. This 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 are terminated for cause or engage in certain harmful activity, such as violating

a non-competition or non-solicitation covenant.

Prohibition on Pledging and Hedging	Our insider trading policy restricts our employees, officers and directors from engaging in hedging transactions involving Teradata stock, including short sales, or from pledging Teradata securities.
Compensation Risk Assessment	Members of management from our human resources, legal and risk management groups assess whether our compensation policies and practices encourage excessive or inappropriate risk taking by our employees. This assessment includes 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 reports its findings to the Board of Directors and, based on that analysis, we do not believe that our compensation programs for employees are reasonably likely to have a material adverse effect on the Company.
Tax Considerations	The Tax Cuts and Jobs Act, enacted in December 2017, included a number of significant changes to Section 162(m) of the Internal Revenue Code, as amended (Section 162(m)), such as the repeal of the qualified performance-based compensation exemption and the expansion of the definition of covered employees (for example, by including the chief financial officer and certain former named executive officers as covered employees). As a result of these changes, except as otherwise provided in the transition relief provisions of the Tax Cuts and Jobs Act, compensation paid to any of our covered employees generally will not be deductible in 2018 or future years, to the extent that it exceeds $1 million. As has historically been the case, the Committee reserves the ability to pay compensation to our executives in appropriate circumstances, even if such compensation is not deductible under Section 162(m).

COMPENSATION TABLES

2018 Summary Compensation

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, 2018, and the prior two fiscal years. The 2018 Target Compensation supplemental table following this table also provides additional information regarding the 2018 total direct compensation levels for our named executive officers as approved by the board s Compensation and Human Resource Committee (the Committee).

Name and Principal Position [1]	Year	Salary [2] ($)	Stock Awards [3] ($)	Option Awards [4] ($)	Non-Equity Incentive Plan Compensation [5] ($)	All Other Compensation [6] ($)	Total ($)
Victor Lund	2018	800,000	6,153,372		1,812,500	1,206	8,767,078
President and Chief	2017	800,000	8,693,440	-	1,110,000	1,206	10,604,646
	2016	526,776	8,104,841	-	680,000	1,930	9,313,547
Executive Officer							
Oliver Ratzesberger	2018	518,936	2,026,986		951,563	15,278	3,512,762
Chief Operating Officer	2017	475,000	2,458,941		527,250	25,670	3,486,861
	2016	434,719	1,431,715	-	429,675	16,398	2,312,507
Mark Culhane							