

TERADATA CORP /DE/  
Form DEF 14A  
March 03, 2009

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**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):

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(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:

**NOTICE OF 2009 ANNUAL MEETING  
AND PROXY STATEMENT**

March 3, 2009

Dear Fellow Teradata Corporation Stockholder:

I am pleased to invite you to attend Teradata's 2009 Annual Meeting of Stockholders on April 28, 2009. The meeting will begin promptly at 8:00 a.m. local time at the Hilton Garden Inn (Atlanta North/Johns Creek), 11695 Medlock Bridge Road, Duluth, Georgia 30097.

This proxy statement, which also includes a notice of the 2009 annual meeting, tells you more about the agenda and procedures for the meeting. It also describes how the Board of Directors operates and gives information about our director candidates and general compensation and corporate governance matters.

To conserve natural resources and to reduce the costs of printing and distributing our proxy materials (which include this proxy statement, our 2008 annual report and form of proxy and voting instruction card), we are delivering these materials to stockholders via the Internet. As permitted under U.S. Securities and Exchange Commission (SEC) rules, most of our stockholders receive a mailing containing only a notice of the 2009 annual meeting instead of paper copies of our proxy materials. The notice will include instructions on how to access these documents over the Internet, as well as instructions on how stockholders receiving this notice can request paper copies of our proxy materials if desired. Stockholders who do not receive the notice-only mailing will receive either paper copies of the proxy materials by mail or electronically-available materials as permitted under applicable SEC rules.

Michael Koehler, Teradata's President and Chief Executive Officer, and I look forward to sharing more information with you about Teradata at the annual meeting. If you plan to attend, please send an email to [investor.relations@teradata.com](mailto:investor.relations@teradata.com) to receive a meeting reservation request form.

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

Sincerely,

James M. Ringler  
*Chairman of the Board*

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF TERADATA CORPORATION**

***Time:***

8:00 a.m. local time

***Date:***

Tuesday, April 28, 2009

***Place:***

Hilton Garden Inn (Atlanta North/Johns Creek)

11695 Medlock Bridge Road, Duluth, Georgia 30097

***Purpose:***

Elect Messrs. Fiore, Koehler and Ringler to serve as Class II directors for three-year terms expiring at the 2012 annual meeting of stockholders and to hold office until their respective successors are duly elected and qualified;

Consider and vote upon the ratification of the appointment of our independent registered public accounting firm for 2009;

Consider and vote upon the approval of the Teradata Corporation 2007 Stock Incentive Plan;

Consider and vote upon the approval of the Teradata Corporation Management Incentive Plan; and

Transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.

***Other Important Information:***

Record holders of Teradata common stock at the close of business on February 27, 2009, 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.**

By order of the Board of Directors,

Laura Nyquist  
*General Counsel and Secretary*

March 3, 2009

2835 Miami Village Drive

Miamisburg, OH 45342

## PROXY STATEMENT

### GENERAL INFORMATION

We are delivering these proxy materials to solicit proxies on behalf of the Board of Directors of Teradata Corporation, a Delaware corporation, for the 2009 annual meeting of stockholders, including any adjournment or postponement thereof. The meeting will be held at 8:00 a.m. local time, on April 28, 2009, at the Hilton Garden Inn (Atlanta North/Johns Creek), 11695 Medlock Bridge Road, Duluth, Georgia 30097.

### Stockholders Entitled to Vote at the Meeting

If you are a record stockholder at the close of business on February 27, 2009, the record date for the meeting, you are entitled to vote at the meeting. There were 173,059,316 shares of common stock outstanding on the record date. For each share of common stock you own, you are entitled to cast one vote on each candidate submitted for director election and to cast one vote on each other matter properly brought before the meeting.

### Delivery of Proxy and Voting Materials

On or about March 19, 2009, we will begin distributing to stockholders our proxy materials (including the 2008 annual report, proxy statement and form of proxy and voting instruction card ( proxy card )). The delivery method and nature of the materials (electronic or paper copies) received by each stockholder will vary as described below.

#### Notice and Access

As we did last year, we have elected to provide access to our proxy materials via the Internet pursuant to the notice and access rules adopted by the SEC. A Notice of Internet Availability of Proxy Materials ( Notice ) will be mailed to most of our stockholders of record and beneficial owners (stockholders who own their stock through a nominee such as a bank or broker). The Notice will instruct stockholders on how to access the proxy materials on a secure website referred to in the document or how to request printed copies. Stockholders who have opted to receive all future proxy materials in printed form by mail or electronically by email, will not receive the Notice, but will receive printed or electronic copies of the proxy materials as previously requested. If you wish to receive future proxy materials in printed form by mail or electronically by email, follow the instructions included with the Notice.

#### Electronic Delivery

A number of our stockholders, including those who have previously consented to electronic delivery of proxy materials, will receive an email notifying them of their ability to obtain access to our proxy materials, including notice of the 2009 annual meeting, via the Internet. Stockholders can elect to view future proxy materials electronically instead of receiving paper copies in the mail as follows:

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

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

<b>Delivery Method</b>	<b>What does it mean?</b>	<b>How can I participate?</b>	<b>How can I opt out?</b>
Notice and Access of Internet Availability	You will receive a Notice in the mail that will provide you with instructions on how to access <a href="http://www.proxyvote.com">http://www.proxyvote.com</a> to: (1) view our proxy materials for the 2009 annual meeting over the Internet; and (2) securely vote your proxy electronically via the Internet.	Under the SEC's rules, you do not have to opt in to participate. Stockholders, other than those who have previously requested printed materials or who receive their notice electronically via email, will receive the Notice and Internet access to the proxy materials.	You will receive instructions with the Notice regarding how to obtain paper copies of the proxy materials and/or instruct us to mail future proxy materials in printed form. To do so, stockholders can either (1) follow the instructions on <a href="http://www.proxyvote.com">http://www.proxyvote.com</a> , (2) call 1-800-579-1639, or (3) send an email to <a href="mailto:sendmaterial@proxyvote.com">sendmaterial@proxyvote.com</a> .*
Electronic Access	If you have chosen to receive your proxy materials electronically (including the notice of the meeting), you will receive an email with instructions containing a link to those materials and the proxy voting site hosted on <a href="http://www.proxyvote.com">http://www.proxyvote.com</a> .	Choosing to receive your future proxy materials by electronic access will save us the cost of printing and mailing documents to you and will conserve natural resources. If you have not already made this election, you can provide your consent when you vote at:  <a href="http://www.proxyvote.com">http://www.proxyvote.com</a> .*	Your election to receive proxy materials by electronic access will remain in effect until you terminate your consent at <a href="http://www.proxyvote.com">http://www.proxyvote.com</a> .* or your consent is deemed to be revoked under applicable law.

\* Stockholders must provide a control number (listed on their Notice and/or proxy card) to make this election.

Paper Copies

Stockholders who have previously requested paper copies of their proxy materials, or who are otherwise required to receive them, will receive the 2009 proxy materials in printed form unless they consent to receive these documents electronically in the future.

**How to Obtain a Separate Set of Proxy Materials**

As an additional cost-saving measure, we are taking advantage of the householding rules adopted by the SEC that permit us to deliver only one set of proxy materials to stockholders who share an address, unless otherwise requested or required under applicable law. If you have multiple Teradata common stock record accounts and/or share an address with a family member who is a Teradata stockholder and want to receive more than one copy of the Notice and/or proxy materials, you may contact our mailing agent, Broadridge Financial Solutions, at Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York, 11717 (phone: 1-800-542-1061). Broadridge will remove you from the householding program within thirty days of receipt of this request and will mail you a separate copy of the proxy materials.

### How to Vote Your Shares

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

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

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

### How to Revoke Your Proxy

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

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

voting by ballot at the meeting; or

sending a written notice of revocation to the inspectors of election in care of our Corporate Secretary at the address listed above.

### Voting at the Annual Meeting

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

Your shares will be voted at the meeting as directed by the instructions on your proxy card, voting instructions or electronic proxy if: (1) you are entitled to vote, (2) your proxy was properly executed or properly authorized electronically, (3) we received your proxy prior to the annual meeting, and (4) you did not revoke your proxy prior to or at the meeting.

### The Board's Recommendations

If you send a properly executed proxy or authorize your proxy electronically without specific voting instructions, your shares represented by that proxy will be voted as recommended by the Board of Directors:

FOR the election of each of the three Class II director nominees identified herein (see page 8);

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2009 (see page 48);

FOR approval of the Teradata Corporation 2007 Stock Incentive Plan (see page 49); and



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FOR approval of the Teradata Corporation Management Incentive Plan (see page 55).

### **Voting Shares Beneficially Held in the Teradata 401(k) Savings Plan**

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

### **Votes Required to Approve Each Item**

The presence at the meeting (in person or by proxy) of the holders of a majority of the shares of common stock outstanding on the record date, the close of business on February 27, 2009, is necessary to have a quorum allowing us to conduct business at the meeting. The affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting is required to elect each director, to ratify the appointment of our independent registered public accounting firm, to approve the Teradata Corporation 2007 Stock Incentive Plan, and to approve the Teradata Corporation Management Incentive Plan. Abstentions effectively count as votes against the adoption of a proposal and the election of a director, but broker non-votes will have no effect on the outcome of the vote for any item or the election of any director. Broker non-votes occur when a broker returns a properly executed proxy but does not vote on a particular item because the broker has not received voting instructions from the beneficial owner and, therefore, does not have the authority to vote on a proposal.

### **Annual Meeting Admission**

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

We will include the results of the votes taken at the meeting in our next quarterly report filed with the SEC. You may also find information on how to obtain a full transcript of the meeting in that quarterly report or by writing to our Corporate Secretary at Teradata Corporation, 2835 Miami Village Drive, Miamisburg, Ohio 45342.

## STOCK OWNERSHIP

### Ownership by Officers and Directors

This table shows our common stock beneficially owned as of January 15, 2009, by each Named Executive Officer included in the Summary Compensation Table found on page 31 of this proxy statement, each non-employee director, and the directors and executive officers as a group as of January 15, 2009. As of that date, none of our directors or executive officers beneficially owned more than 1.0% of the issued and outstanding shares of our common stock. As a group, such directors and executive officers beneficially owned 0.8% of such stock. In addition to the shares shown in the following table, directors and executive officers hold restricted stock units, which have not yet vested, as listed in footnote 6 to the table.

Names	Total Shares Beneficially Owned <sup>(1)</sup>	Shares Covered by Options <sup>(2)</sup>
<u>Non-Employee Directors</u>		
Class I Directors		
David E. Kepler	13,041	3,169
William S. Stavropoulos <sup>(3)</sup>	97,588	58,976
Class II Directors		
James M. Ringler, Chairman of the Board	118,733	71,586
Peter L. Fiore	1,351	0
Class III Directors		
Edward P. Boykin	80,729	42,976
Cary T. Fu	1,351	0
Victor L. Lund	50,839	30,976
<u>Named Executive Officers</u>		
Michael Koehler, President, Chief Executive Officer and Class II Director <sup>(4)</sup>	268,444	162,622
Robert Fair, Executive Vice President, Global Field Operations	186,897	146,366
Daniel Harrington, Executive Vice President, Technology and Support Services <sup>(5)</sup>	111,802	55,463
Bruce Langos, Chief Operations Officer	110,272	85,999
Stephen Scheppmann, Executive Vice President and Chief Financial Officer	0	20,300
Current Directors and Executive Officers as a Group <sup>(6)</sup> (15 persons)	1,398,281	968,293

- (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. Includes (a) shares covered by options that are exercisable within sixty days of January 15, 2009 (as listed in the Shares Covered by Options column); (b) shares granted to directors, the receipt of which have been deferred, as follows: Mr. Boykin, 25,518 shares; Mr. Kepler, 3,240 shares; Mr. Lund, 11,628 shares; Mr. Ringler, 32,938 shares; and Mr. Stavropoulos, 16,787 shares; and (c) vested restricted stock units, the receipt of which have been deferred, as follows: each of Messrs. Boykin, Lund, and Ringler, 4,235 units; Mr. Kepler, 5,238 units; and Messrs. Fiore and Fu 1,351 units.
- (2) Includes shares that the executive officer or director or his or her respective family members have the right to acquire through the exercise of stock options within sixty days after January 15, 2009. These shares are also included in the Total Shares Beneficially Owned column.
- (3) Includes 2,000 shares held by Mr. Stavropoulos spouse.
- (4) Includes 21,503 shares held jointly by Mr. Koehler and his spouse.
- (5) Includes 3,700 shares held by Mr. Harrington in a unitized stock fund under the Teradata 401(k) Savings Plan.

- (6) In addition to the shares listed in the table, directors and executive officers hold the following number of restricted stock units that have not yet vested: each of Messrs. Boykin, Kepler, Lund, Ringler, and Stavropoulos, 1,445 units (the receipt of which each director, except for Mr. Stavropoulos, has elected to defer); Messrs. Fiore and Fu, 4,056 units; and Mr. Scheppmann, 10,722 units.

**Other Beneficial Owners of Teradata Stock**

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

Name and Address of Beneficial Owner	Total Number of Shares	Percent of Class <sup>(1)</sup>
Barclays Global Investors, NA <sup>(2)</sup> 400 Howard Street, San Francisco, California 94105	15,143,169	8.72%
Delaware Management Holdings <sup>(3)</sup> 2005 Market Street, Philadelphia, Pennsylvania 19108	13,147,669	7.57%
Morton Holdings, Inc. and Philip B. Korsant <sup>(4)</sup> 283 Greenwich Avenue, Greenwich, Connecticut 06830	11,328,106	6.52%
Stephen F. Mandel, Jr. (individually and for Lone Pine Assoc. LLC, <i>et al.</i> ) <sup>(5)</sup> Two Greenwich Plaza, Greenwich, Connecticut 06830	10,007,277	5.76%

- (1) Percent of class is based on the number of shares of Teradata common stock issued and outstanding as of January 15, 2009.
- (2) Information is based upon a Schedule 13G filed with the SEC on February 5, 2009, by Barclays Global Investors, NA and affiliated entities, which reported sole voting and dispositive power as follows: Barclays Global Investors, NA, sole voting power 8,799,395, sole dispositive power 10,703,491; Barclays Global Fund Advisors, sole voting power 2,148,017, sole dispositive power 2,159,054; Barclays Global Investors, Ltd, sole voting power 964,177, sole dispositive power 1,169,637; Barclays Global Investors Japan Limited, sole voting and dispositive power 795,071; Barclays Global Investors Canada Limited, sole voting and dispositive power 290,653; and Barclays Global Investors Australia Limited, sole voting and dispositive power 25,263.
- (3) Information is based upon an amended Schedule 13G/A filed by Delaware Management Holdings with the SEC on February 6, 2009. According to this filing, Delaware Management Holdings and Delaware Management Business Trust, directly or indirectly, have sole dispositive power over 13,147,669 shares, sole power to vote 13,101,565 shares, and shared voting power over 1,504 shares.
- (4) Information is based upon a Schedule 13G filed by Morton Holdings, Inc. and Philip B. Korsant with the SEC on February 23, 2009. According to this filing, Morton Holdings, Inc. and Philip B. Korsant, directly or indirectly, have shared voting and dispositive power with respect to an aggregate of 11,328,106 shares held by partnerships of which Morton Holdings, Inc. is the general partner.
- (5) According to Amendment No. 1 to a Schedule 13G filed with the SEC on February 13, 2009, Steven F. Mandel, Jr., as managing member of Lone Pine Associates LLC, has shared voting and dispositive power with respect to an aggregate of 423,332 shares held directly by Lone Spruce, L.P., Lone Balsam, L.P. and Lone Sequoia, L.P. (as to each of which Lone Pine Associates LLC serves as general partner); as managing member of Lone Pine Members LLC, has shared voting and dispositive power with respect to 5,587,053 shares held by Lone Cascade, L.P. and Lone Sierra, L.P. (as to each of which Lone Pine Members LLC serves as general partner); and as managing member of Lone Pine Capital LLC has shared voting and dispositive power with respect to an aggregate of 3,996,892 shares held directly by Lone Cypress, Ltd., Lone Kauri, Ltd. and Lone Monterey Master Fund, Ltd. (as to each of which Lone Pine Capital LLC acts as the investment manager).

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**EQUITY COMPENSATION PLAN INFORMATION**

The table below shows information regarding awards outstanding and shares available for issuance under the Teradata Corporation 2007 Stock Incentive Plan, as amended. This plan was adopted by our Board of Directors, and approved by our sole stockholder effective immediately prior to the spin off from NCR Corporation ( NCR ). At its meeting on February 3, 2009, the board recommended that this plan be submitted to stockholders for approval at the 2009 annual meeting as described in connection with the proposal beginning on page 49 of this proxy statement.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights  (a)(#)	Weighted-average exercise price of outstanding options, warrants and rights  (b)(\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))  (c)(#)
Equity compensation plans approved by security holders	10,743,724 <sup>(1)</sup>	16.63	10,986,394
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>10,743,724</b>	<b>16.63</b>	<b>10,986,394</b>

(1) Includes a total of 444,784 performance-based restricted stock units that were outstanding under the Teradata Corporation 2007 Stock Incentive Plan as of December 31, 2008.

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**ELECTION OF DIRECTORS**

**(Item 1 on Proxy Card)**

The Board of Directors is currently divided into three classes. Directors are elected by stockholders for terms of three years and hold office until their successors are elected and qualify. One of the three classes is elected each year to succeed the directors whose terms are expiring. As of the 2009 annual meeting, the terms for the directors in Classes I, II and III of the Board of Directors expire in 2011, 2009, and 2010, respectively.

Messrs. Fiore, Koehler and Ringler are Class II directors whose current terms are expiring at the 2009 annual meeting, and each has been nominated for re-election through the 2012 annual meeting of stockholders and until his successor is elected and qualified.

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

**The Board recommends that you vote FOR each of the Class II nominees for election as a director.** Election of each nominee requires the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting. If a nominee does not receive a majority vote, he is required to tender his resignation for consideration by the Board of Directors in accordance with the board's Corporate Governance Guidelines as described on page 14 of this proxy statement. Proxies solicited by the Board of Directors will be voted FOR each nominee, unless you specify otherwise in your proxy.

*Class II – Current Terms Expiring in 2009 and New Terms Expiring in 2012:*

**James M. Ringler**, 63, was named Chairman of the Board of Teradata in September 2007. Mr. Ringler previously served as Chairman of the Board of NCR from July 25, 2005 to September 2007. From March 2005 to August 2005, Mr. Ringler served as NCR's President and Interim Chief Executive Officer. He served as Vice Chairman of Illinois Tool Works Inc., a multi-billion dollar diversified manufacturer of highly engineered components and industrial systems, from 1999 until he retired in 2004. Prior to joining Illinois Tool Works, from 1997 to 1999, Mr. Ringler was Chairman of Premark International, Inc. He also served as Premark's Chief Executive Officer from 1995 to 1999 when it merged with Illinois Tool Works. Mr. Ringler serves as a director of Autoliv Inc., The Dow Chemical Company (Dow), FMC Technologies, Inc., Corn Products International, Inc., and JBT Corporation. He joined our board on September 6, 2007.

**Peter L. Fiore**, 51, has served as President, Chief Executive Officer and Director of Crossbeam Systems, Inc., a provider of next-generation security platforms for high-performance networks, since 2007. Prior to joining Crossbeam, from 2005 to 2007, he served as Vice President of IBM's information integration solutions business with revenues in excess of \$500 million. He joined IBM as a result of the company's acquisition of Ascential Software, where he had served as President since the company's inception in July 2001. Prior to that time, Mr. Fiore was President of Informix Business Solutions, a leader in business intelligence and analytical applications from 2000 to 2001. In addition, he serves on the board of directors of Kadient, Inc. He joined our board on July 29, 2008.

**Michael Koehler**, 56, is President and Chief Executive Officer of Teradata. Previously, Mr. Koehler served as Senior Vice President, Teradata Division of NCR from 2003 to 2007. From September 2002 until March 2003, he was the Interim Teradata Division Leader, Teradata Division. From 1999 to 2002, Mr. Koehler was Vice President, Global Field Operations, Teradata Division, and held management positions of increasingly greater responsibility at NCR prior to that time. He joined our board in August 2007.

**Other Directors**

*Class I – Current Terms Expiring in 2011:*

David E. Kepler, 56, is the Executive Vice President, Business Services, Chief Sustainability Officer, and Chief Information Officer ( CIO ) of Dow. Mr. Kepler joined Dow in 1975. He was appointed Vice President and CIO of Dow in 1998 and Corporate Vice President in 2001. At Dow, Mr. Kepler assumed responsibility for Business Services in 2004, was appointed Senior Vice President in 2006, with added responsibilities for the company's sustainability initiatives, and appointed Executive Vice President in February 2008. He also serves on the board of directors of the U.S. Chamber of Commerce, as well as Dorinco Reinsurance Company and Liana Limited, both Dow-affiliated companies, and is a member of the U.S. National Infrastructure Advisory Council that advises the President on the protection of critical infrastructure and homeland security issues. He joined our board on November 1, 2007.

**William S. Stavropoulos**, 69, retired as director and Chairman of the Board of Dow on April 1, 2006. He had served in such capacity since November 2000. Mr. Stavropoulos was the President and Chief Executive Officer of Dow from 1995 to 2000 and was Chairman of the Board, President and Chief Executive Officer from 2002 to November 2004. In addition, he is a director of Tyco International, Inc., Chemical Financial Corporation, and Maersk Inc., and is on the advisory board for Metalmark Capital LLC, a private equity investment firm. He is a trustee to the Fidelity Group of Funds, and serves on the board of American Enterprise Institute for Public Policy Research. He also serves as a special advisor to Clayton, Dubilier & Rice, Inc., a private equity investment firm, and is the president and founder of the Michigan Baseball Foundation. Mr. Stavropoulos joined our board on September 6, 2007.

*Class III – Current Terms Expiring in 2010:*

**Edward P. Boykin**, 70, retired as the President and Chief Operating Officer of Computer Sciences Corporation ( CSC ), an information technology services company he joined in 1966, in June 2003. He had served in that capacity since July 2001. From 1998 to 2001, he held a number of senior management positions at CSC, including group president of its Financial Services Group from 1999 to 2001 and vice president of its Technology Management Group from 1998 to 1999. Mr. Boykin also serves on the board of directors of NCR and PlusOne Solutions, Inc. He joined our board on September 6, 2007.

**Cary T. Fu**, 60, has served as Chief Executive Officer of Benchmark Electronics, Inc., an electronics manufacturing services provider, since September 2004. He served as President and Chief Executive Officer of Benchmark from September 2004 to December 2006. Prior to becoming Chief Executive Officer of Benchmark, he served as its President and Chief Operating Officer from May 2001 to September 2004, Executive Vice President from 1992 to 2001, and Executive Vice President, Financial Administration, from 1990 to 1992. He has been a director of Benchmark since 1990 and is a certified public accountant. He joined our board on July 29, 2008.

**Victor L. Lund**, 61, has served as the non-executive Chairman of the Board of DemandTec, Inc., an on-demand applications company, since December 2006 and has been a member of its board since April 2005. Prior to this position, in 2005, Mr. Lund served as a director on a number of other companies' boards and served as the non-executive Chairman of the Board of Mariner Health Care, Inc., a long-term health care services company, from May 2002 until its acquisition in December 2004. He served as Vice Chairman of Albertson's, Inc., a food and drug retailer, from 1999 until 2002. Mr. Lund served as Chairman of the Board of American Stores Company from 1995 until its acquisition by Albertson's in June 1999, and as Chief Executive Officer of American Stores Company from 1992 until 1999. Prior to joining American Stores Company in 1977, Mr. Lund was a practicing certified public accountant. He also serves on the board of directors of Del Monte Foods Company and Service Corporation International. He joined our board on September 6, 2007.

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**ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS**

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

**Corporate Governance**

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

To help discharge its responsibilities, the Board of Directors has adopted Corporate Governance Guidelines on significant corporate governance issues. These guidelines address, among other things, such matters as director independence, committee membership and structure, meetings and executive sessions, and director selection, retirement, and training. The board's Corporate Governance Guidelines are found on our corporate governance website at <http://www.teradata.com/t/governance-guidelines>. You may obtain a written copy of these guidelines, or any of the board's committee charters, by writing to our Corporate Secretary at the address listed on page 1 of this proxy statement. The board's independent directors meet regularly in executive session and, as provided in the Corporate Governance Guidelines, the Board of Directors has selected the Chairman of the Board to preside at its executive sessions during 2009.

In connection with its Corporate Governance Guidelines, the Board of Directors has established independence standards. In general, the board must determine whether a director is considered independent, taking into account the independence guidelines of the New York Stock Exchange ( NYSE ) and the factors listed immediately following this paragraph, which are included as Exhibit B, Definition of Director Independence, to the board's Corporate Governance Guidelines referenced above, in addition to those other factors it may deem relevant. No director may qualify as independent unless the board affirmatively determines (i) under the NYSE listing standards, that he or she has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us); and (ii) under our independence standards, that the director or director candidate:

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

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

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

has not, directly or indirectly, had a material relationship (such as being an executive officer, director, partner, or significant stockholder) with a significant customer or supplier of the Company, and in no case may the director be an executive officer or employee of another company that in the previous three years made payments to or received payments from us in a fiscal year exceeding the greater of \$1 million or 2% of the other company's consolidated gross revenues;

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





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

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

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

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

The board and its committees met a total of thirty-three times last year. In 2008, each of the directors attended 75% or more of the total number of meetings of the board and the committee(s) on which he serves. In addition, under the board's Corporate Governance Guidelines, our directors are expected to attend our annual meeting of stockholders each year. Six out of seven of our directors attended the 2008 annual meeting of stockholders.

#### **Committees of the Board**

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 the Company's accounting and financial reporting processes and audits of the Company's financial statements and internal controls, including assisting in the Board's oversight of (i) the integrity of our financial statements; (ii) the Company's compliance with ethical, legal and regulatory requirements; (iii) the qualifications, independence and performance of our independent registered public accounting firm; and (iv) the performance of our internal audit function. The Audit Committee also:

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

discusses with management and the independent registered public accounting firm our annual audited financial statements and unaudited quarterly financial statements;

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discusses with management and the independent registered public accounting firm (i) all critical accounting policies and practices used, (ii) any significant financial reporting issues and judgments made in connection with the preparation of our financial statements, including analyses of the effects of

alternative accounting methods under generally accepted accounting principles that have been discussed with management and the treatment preferred by the independent registered public accounting firm, (iii) the effect of regulatory and accounting initiatives and off-balance sheet structures on our financial statements, and (iv) any other reports required by law to be delivered by the independent registered public accounting firm, including any management letter or schedule of unadjusted differences;

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

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

reviews our periodic SEC filings and our quarterly earnings releases;

is responsible for overseeing our ethics and compliance program; and

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

The Audit Committee has three members, Messrs. Fu, Kepler and Lund, each of whom is independent and financially literate as determined by the board under applicable SEC and NYSE standards. In addition, the board has determined that Messrs. Fu and Lund are both audit committee financial experts, as defined under SEC regulations. No member of the committee may receive any compensation, consulting, advisory or other fee from us, other than board compensation described below under the caption Compensation of Directors, 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 his 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 amended by the committee on December 2, 2008, is included as Appendix A to this proxy statement and can be found on our corporate governance website at <http://www.teradata.com/t/audit-committee-charter>.

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

evaluates and reviews the performance levels of our executive officers and determines base salaries and equity and incentive awards for such officers;

at executive session of the Board of Directors, assists the board in determining the annual goals and objectives of the Chief Executive Officer and discusses its evaluation of, and determination of compensation for, the Chief Executive Officer based on the results of the Chief Executive Officer's performance against such goals and objectives;

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

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



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

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; and

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

The Compensation and Human Resource Committee has four members, Messrs. Boykin, Fiore, Ringler, and Stavropoulos, each of whom the Board of Directors has determined meets the NYSE listing independence standards and our independence standards. The committee has delegated authority to our Chief Executive Officer to award equity to individuals other than executive officers in limited instances. In addition, the Chief Executive Officer conducts annual performance evaluations of executives and, after consulting with the Vice President, Human Resources provides this committee with his assessments and recommendations with respect to the amount and form of compensation for such executives.

In December 2008, this committee extended the engagement of Semler Brossy Consulting Group LLC as its outside compensation consultant to assist the committee in the development of our executive compensation and benefit programs, including the amount and form of such compensation, and in the evaluation of our Chief Executive Officer. The rules of engagement for the use of the compensation consultant by the committee and management include the following: (i) only the committee and its Chair can hire or fire the consultant; (ii) on an annual basis, the consultant will provide the committee with a letter of the projected scope of services for the year; (iii) the consultant's work will be coordinated with our Vice President, Human Resources 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.

A more detailed discussion of the committee's mission, composition, and responsibilities is contained in the Compensation and Human Resource Committee Charter, which was amended by the committee on December 2, 2008, a copy of which can be found on our corporate governance website at <http://www.teradata.com/t/compensation-committee-charter>.

*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 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; and

sees that proper attention is given, and effective responses are made, to shareholder concerns regarding corporate governance. The Committee on Directors and Governance (the Governance Committee) directly engaged Semler Brossy Consulting Group LLC as its consultant to review our director compensation program in 2008 and 2009.

The Governance Committee is composed entirely of independent directors, James Ringler and William Stavropoulos. A more detailed discussion of the committee's mission, composition and responsibilities is contained in the Committee on Directors and Governance Charter, which was amended by the committee on December 2, 2008, a copy of which is available on our corporate governance website at <http://www.teradata.com/t/committee-on-directors-and-governance-charter>.

**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 is described in detail in the board's Corporate Governance Guidelines, which are posted on our corporate governance website at <http://www.teradata.com/t/governance-guidelines>. In determining candidates for nomination, the Governance Committee will seek the input of the Chairman of the Board and the Chief Executive Officer and will consider individuals recommended for board membership by our stockholders in accordance with our Bylaws and applicable law.

The board and the Governance Committee are committed