

TERADATA CORP /DE/  
Form 11-K  
June 26, 2014  
Table of Contents

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

Washington, D.C. 20549

**FORM 11-K**

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2013**

**OR**

.. **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-33458**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:  
**Teradata Savings Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:  
**TERADATA CORPORATION**

**10000 Innovation Drive**

**Dayton, Ohio 45342**

**Table of Contents**

**TERADATA SAVINGS PLAN**

**TABLE OF CONTENTS**

**Financial Statements and Schedule:**

Report of Independent Registered Public Accounting Firm 3

**Financial Statements:**

Statements of Net Assets Available for Benefits December 31, 2013 and 2012 4

Statement of Changes in Net Assets Available for Benefits For the Year Ended December 31, 2013 5

Notes to Financial Statements 6

**Supplemental Schedule:**

Schedule H, Line 4i Schedule of Assets Held at End of Year 12

Exhibit listing 13

Signatures 14

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

Teradata Savings Plan

Dayton, Ohio

We have audited the accompanying statements of net assets available for benefits of Teradata Savings Plan (the Plan) as of December 31, 2013 and 2012 and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012 and the changes in net assets available for benefits for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Battelle Rippe Kingston LLP  
June 26, 2014  
Dayton, Ohio

**Table of Contents****TERADATA SAVINGS PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

	At December 31,	
	2013	2012
<b>Assets</b>		
Cash	\$ 82,849	\$
Investments, at fair value:		
Mutual funds	366,236,633	300,414,223
Common/collective trust funds	450,848,955	352,982,343
Money market funds	46,253,758	49,063,070
Teradata Corporation common stock	44,474,527	61,116,994
Total investments	907,813,873	763,576,630
Receivables:		
Participant contributions		24,734
Notes receivable from participants	7,400,190	6,885,526
Other receivables	229,612	17,283
Total receivables	7,629,802	6,927,543
Total assets	915,526,524	770,504,173
<b>Liabilities</b>		
Accounts payable	19,819	18,778
Accrued expenses	56,043	288,278
Total liabilities	75,862	307,056
<b>Net assets available for benefits at fair value</b>	<b>915,450,662</b>	<b>770,197,117</b>
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(215,649)	(326,281)
<b>Net assets available for benefits</b>	<b>\$ 915,235,013</b>	<b>\$ 769,870,836</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents****TERADATA SAVINGS PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	<b>For the Year Ended December 31, 2013</b>
Additions to net assets attributed to:	
Investment income:	
Net increase in fair value of investments	\$ 99,373,527
Interest and dividends	17,143,691
<b>Total investment income</b>	<b>116,517,218</b>
Participant loan interest income	302,046
Contributions:	
Participants, including rollovers	51,475,979
Employer, net of forfeitures	21,924,655
<b>Total contributions</b>	<b>73,400,634</b>
<b>Total additions</b>	<b>190,219,898</b>
Deductions from net assets attributed to:	
Benefits paid to participants	44,794,711
Administrative expenses	61,010
<b>Total deductions</b>	<b>44,855,721</b>
<b>Net increase in net assets</b>	<b>145,364,177</b>
<b>Net assets available for benefits:</b>	
Beginning of year	769,870,836
<b>End of year</b>	<b>\$ 915,235,013</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

**TERADATA SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**1. DESCRIPTION OF THE PLAN**

**General**

The Teradata Savings Plan (the Plan) is a defined contribution plan established on October 1, 2007 by the Board of Directors of Teradata Corporation (Teradata or the Company). The Plan is designed to qualify as a profit-sharing plan with a qualified cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended. It is also subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, (ERISA).

The Plan covers substantially all eligible U.S. employees of the Company (other than certain categories of part-time, temporary and intern employees) beginning on the first day of employment.

**Contributions and Funding**

All eligible employees of the Company may defer a portion of their compensation by making tax-deferred contributions, as well as after-tax contributions, to the Plan. Participants may elect to contribute up to fifty percent of their eligible compensation, up to certain Internal Revenue Service (IRS) limits. Maximum contribution percentage limits are also imposed on the tax-deferred contributions and after-tax contributions made by participants with prior year compensation of \$115,000 and over. Annual tax-deferred contributions per participant for the 2013 Plan year were limited to \$17,500.

For each dollar contributed by a participant, up to a maximum six percent of compensation, the Company funds an additional matching amount. The employer matching contribution for all participants is one hundred percent of the first four percent of pay contributed by the participant, plus fifty percent of the next two percent of pay.

The Plan allows employees aged 50 and older to elect to make additional catch-up contributions, subject to IRS limits. Catch-up contribution amounts are not eligible for employer matching contributions. The annual limit on catch-up contributions was \$5,500 in 2013.

Participants direct their contributions, as well as the Company's matching contributions, among various investment options, including target date funds, market index funds, actively managed funds, self directed brokerage and the Teradata Unitized Stock Fund, which invests primarily in Teradata Common Stock.

**Vesting and Forfeitures**

Participants are immediately vested in their contributions plus actual earnings on their contributions. Company matching contributions vest in increments of one-fifth each year, over a five-year period beginning with the participant's hire date.

Participants become immediately and fully vested in their account (i) upon attainment of age 65, (ii) upon termination of employment due to a reduction in force, (iii) in the event of death, or (iv) in the event of total and permanent disability. Upon termination of employment, participants are entitled to full distribution of their contributions and all vested Company matching contributions; all non-vested Company matching contributions are forfeited. These forfeitures are reallocated and used to either reduce future Company matching contributions or pay certain administrative expenses of the Plan. During the Plan year, forfeitures used to offset Company matching contributions were \$900,000. The amounts of unallocated forfeitures at December 31, 2013 and 2012 were \$415,725 and \$285,913, respectively.

## **Table of Contents**

### **Participant Accounts**

Each participant's account is credited with the participant's contributions, Company contributions and Plan earnings. Participants' accounts are valued on a daily basis. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

### **Notes Receivable from Participants**

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to \$50,000 or 50% of their vested account balance, whichever is less. The loans are collateralized by 50% of the vested balance in the participant's accounts and bear interest at a fixed rate based on the prime rate in effect on the last day of the preceding month plus 1%, using the prime rate reported by Reuters. The term of the loan may be between one and five years. Principal and interest is paid ratably through bi-weekly payroll deductions. Upon default, participants are considered for tax purposes to have received a distribution and are subject to income taxes on the outstanding amount of the loan at the time of default. Participant loan interest rates are between 4.25% and 5.25%.

### **Withdrawals and Benefits**

Participants may withdraw any employee tax-deferred contributions during their employment in the case of a hardship (as defined by the Plan), in the case of a qualified reservist called to active duty, or in the case of absence from employment due to qualified military service for more than 30 days, and participants may withdraw after-tax employee contributions (plus earnings) for any reason. Participants may not withdraw any Company matching contributions or any earnings on Company matching contributions until they attain age 59  $\frac{1}{2}$  or terminate employment with the Company. Participants may withdraw vested balances upon reaching age 59  $\frac{1}{2}$ , or upon termination of employment.

Upon termination of employment, a participant receives a lump-sum amount equal to the value of the vested portion of their account if it is less than \$1,000 (unless the participant chooses a direct rollover within 90 days). Terminated participants with more than \$1,000 in vested benefits may elect to receive a direct rollover to another tax-qualified plan or IRA, a lump-sum payment or quarterly cash installments, or, if the participant has not attained age 70  $\frac{1}{2}$ , may leave the vested benefits within the Plan until reaching age 70  $\frac{1}{2}$ . Upon the death of a participant, the participant's beneficiary shall be eligible to receive a distribution of the participant's account.

### **Termination of the Plan**

The Company currently has no plans to terminate the Plan; however, the Company reserves the right to terminate the Plan at any time by action of the Teradata Board of Directors.

### **Plan Expenses**

A portion of the Plan's administrative expenses are paid by Teradata. However, at the Company's discretion, Teradata may choose to utilize available revenue credits, based on a revenue sharing program between Teradata and Fidelity Investments (Fidelity), to offset expenses related to the administration of the Plan.

### **Payments to Withdrawing Participants**

The Plan records payments to withdrawing participants at the time of disbursement.

### **Rollover Contributions**

Participant rollover contributions are included as participant contributions in the Statement of Changes in Net Assets Available for Benefits.



**Table of Contents**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Plan are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ( GAAP ).

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and changes therein. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Investments in mutual funds and common/collective trusts are valued at the closing net asset values of the funds on the last day of the Plan fiscal year. Teradata Corporation common stock is valued at the last quoted sales price on the New York Stock Exchange on the last business day of the Plan fiscal year.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are reported on the average cost method.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits present the fair value of the Plan's investment contract as well as the adjustment of the investment contract from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract-value basis.

**Notes Receivable from participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued (unpaid) interest. Delinquent loans are treated as distributions based on the terms of the Plan document.

**Risk and Uncertainties**

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

**Table of Contents****3. INVESTMENTS**

The following presents investments that represent five percent or more of the Plan's net assets:

	<b>At December 31, 2013</b>
Northern Trust Russell S&P 500® Index Fund NL Tier J	\$ 149,870,939
Fidelity BrokerageLink*	\$ 104,730,482
MFS Institutional International Equity Class Fund I	\$ 79,349,709
Northern Trust Russell 2000® Index Fund NL Tier J	\$ 65,704,115
Fidelity Contrafund	\$ 61,246,561
NT Collective Aggregate Bond Index Non Lending Tier J	\$ 54,315,124
Northern Trust Russell S&P 500® Index Fund NL Tier I	\$ 50,729,309
	<b>At December 31, 2012</b>
Northern Trust Russell S&P 500® Index Fund NL Tier J	\$ 116,564,187
Fidelity BrokerageLink*	\$ 86,682,168
Teradata Corporation common stock	\$ 61,116,994
MFS Institutional International Equity Class Fund I	\$ 54,296,949
Fidelity Contrafund	\$ 45,294,621
NT Collective Aggregate Bond Index Non Lending Tier I	\$ 42,232,768
NT Collective Aggregate Bond Index Non Lending Tier J	\$ 41,952,649
PIMCO Total Return Inst CL	\$ 39,579,248

\* Represents the aggregate value of participant-directed mutual funds held within the Self-Directed Brokerage at Fidelity, which is a party-in-interest.

During 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) increased and decreased in value as follows:

	<b>Year Ended December 31, 2013</b>
Mutual funds (including self directed brokerage)	\$ 42,211,257
Common/collective trusts	72,314,718
Teradata Corporation common stock	(15,152,448)
	<b>\$ 99,373,527</b>

**4. FAIR VALUE MEASUREMENTS**

The Company follows the accounting standard dealing with fair value measurements for financial and non-financial assets and liabilities recorded at fair value on a recurring basis, wherein a three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, quoted prices in active markets for similar assets or liabilities, or quoted prices in less-active markets for identical assets; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**Table of Contents**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

*Common stocks, mutual funds and money market funds:* Values derived from quoted market prices in active markets.

*Common/collective trust funds:* Valued at the net asset value ( NAV ) of shares held by the Plan at year end, as reported to the Plan by the trustee, which represents the fair value of shares held by the Plan. A fund's NAV reflects an exit price, is the same for all holders of the fund, and provides the basis for current transactions.

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Mutual funds:</b>				
Other	\$ 104,730,482	\$ 104,730,482	\$	\$
Large cap	74,072,886	74,072,886		
Income	33,040,741	33,040,741		
Small cap	48,609,054	48,609,054		
International	105,783,470	105,783,470		
Teradata Corporation common stock	44,474,527	44,474,527		
Money market funds	46,253,758	46,253,758		
Common/collective trust funds	450,848,955		450,848,955	
Total Assets at fair value	\$ 907,813,873	\$ 456,964,918	\$ 450,848,955	\$

	2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Mutual funds:</b>				
Other	\$ 86,682,168	\$ 86,682,168	\$	
Large cap	52,242,225	52,242,225		
Income	39,579,248	39,579,248		
Small cap	34,621,982	34,621,982		
International	87,288,600	87,288,600		
Teradata Corporation common stock	61,116,994	61,116,994		
Money market funds	49,063,070	49,063,070		
Common/collective trust funds	352,982,343		352,982,343	
Total Assets at fair value	\$ 763,576,630	\$ 410,594,287	\$ 352,982,343	\$

**Table of Contents****5. RELATED PARTY TRANSACTIONS (PARTIES-IN-INTEREST)**

Related party transactions consisted of loans made to participants and investments in Teradata Corporation Common Stock. At December 31, 2013 the Plan held 977,677 shares of Teradata common stock valued at \$44,474,527. At December 31, 2012 the Plan held 987,510 shares of Teradata common stock valued at \$61,116,994. Fidelity serves as a manager of certain Plan investments. An affiliate of Fidelity serves as the record keeper for the Plan's participant data. Another affiliate of Fidelity serves as the trustee of the Plan. Additionally AllianceBernstein Trust Company, LLC is a party in interest serving as custodian of the target date funds. The cash receipts from Fidelity and cash disbursements from these investments constitute related party transactions. None of these related party transactions are prohibited transactions as defined under ERISA.

**6. TAX STATUS**

The Company received a favorable determination letter from the Internal Revenue Service as to the qualified status of the Plan under Section 401(a) of the Internal Revenue Code (the Code). Therefore, the Plan is qualified and the related Trust is exempt from federal income taxes under Section 501(a) of the Code. Accordingly, income taxes are not provided for in the accompanying financial statements. Participant contributions, except for those contributions which participants elect to be tax-deferred under Section 401(k), are taxable to the participants in the year their contributions are made.

Participants are liable for federal income taxes relative to their Section 401(k) contributions, the Company matching contributions and the earnings of the Plan when the contributions are distributed to them.

The Plan administrator evaluated the Plan's tax positions and concluded that there are no uncertain tax positions that require recognition or disclosure in the financial statements. The Plan is subject to tax examinations by tax authorities for all Plan years since the Plan's inception.

**7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statement to the Form 5500 as of December 31:

	<b>2013</b>	<b>2012</b>
Net assets available for benefits per financial statements	\$ 915,235,013	\$ 769,870,836
Adjustment from fair value to contract value for fully benefit-response investment contracts	215,649	326,281
Net assets available for benefits per Form 5500	\$ 915,450,662	\$ 770,197,117

The following is a reconciliation of the net increase per the financial statements to the net income per the Form 5500 for the year ended December 31:

	<b>2013</b>
Net increase per financial statements	\$ 145,364,177
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(110,632)
Net income per Form 5500	\$ 145,253,545

**Table of Contents****TERADATA SAVINGS PLAN****SUPPLEMENTAL SCHEDULE****Schedule H, Line 4i Schedule of Assets Held at End of Year\*\***

EIN 75-3236470

Plan 001

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost****	(e) Current Value
	<b>Common Stock</b>			
*	Teradata Corporation	977,677 shares	\$	44,474,527
	<b>Common/Collective Trusts</b>			
	NT Collective Aggregate Bond Index NL Fund Tier 1	331,543 shares	\$	36,781,414
	NT Collective Aggregate Bond Index NL Fund Tier J	437,919 shares		54,315,124
	Northern Trust TIPS Index Fund NL	118,545 shares		15,221,167
*	AllianceBernstein Global Real Estate Securities Collective Trust	2,931,949 shares		33,541,496
	Northern Trust Russell 2000® Index Fund NL Tier J	321,795 shares		65,704,115
	Northern Trust Russell S&P 500® Index Fund NL Tier 1	209,115 shares		50,729,309
	Northern Trust Russell S&P 500® Index Fund NL Tier J	25,725 shares		149,870,939
	NT Short Term Govt Bond Index Fund Lending	2,803 shares		774,452
	Northern Trust EAFE Index Fund	87,074 shares		11,877,724
	Northern Trust Russell 3000® Index Fund NL	700,617 shares		17,726,306
*	Fidelity Managed Income Portfolio	14,306,909 shares		14,306,909
	Total common/collective trust funds		\$	450,848,955
	<b>Mutual Funds</b>			
	Wells Fargo Emerging Growth Institution	976,742 shares	\$	17,063,684
	Allianz NFJ Small-Cap Value Fund Administrative Class	896,940 shares		31,545,370
*	Fidelity Contrafund - Class K	637,520 shares		61,246,561
	Sound Shore Fund	261,495 shares		12,826,325
	PIMCO Total Return Inst CL	3,090,808 shares		33,040,741
	Lazard Emerging Mkts Equity Instl CL	1,415,842 shares		26,433,761
	MFS Institutional International Equity Class Fund I	3,537,660 shares		79,349,709
*	Fidelity BrokerageLink****			104,730,482
	Total mutual funds		\$	366,236,633
	<b>Money Market Funds</b>			
*	Fidelity U.S. Treasury Money Market Fund	29,237,974 shares	\$	29,237,974
*	Fidelity BrokerageLink****			16,500,652
*	Fidelity Institutional Money Market - Money Market Portfolio - Class I	515,132 shares		515,132
	Total money market funds		\$	46,253,758
*	<b>Participant Loans</b>	*****	\$	7,400,190
	<b>TOTAL</b>		\$	<b>915,214,063</b>

\* Identifies a party-in-interest to the Plan.

\*\*

## Edgar Filing: TERADATA CORP /DE/ - Form 11-K

This schedule represents those assets required to be reported under Section 2520.103-11 of the Department of Labor's Rules and Regulations, and Form 5500 Schedule H, Line 4i.

\*\*\* These line items represent the aggregate value of participant-directed mutual fund and money market fund investments held within the Self-Directed Brokerage at Fidelity, which is a party-in-interest.

\*\*\*\* Per Section 2520.103-11(d) of the Department of Labor's Rules and Regulations, cost may be omitted as all investments are participant directed.

\*\*\*\*\* The participant loan interest rates are between 4.25% - 5.25%. The loan terms are between one and five years.

**Table of Contents**

**EXHIBIT LISTING**

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

**Table of Contents**

**SIGNATURES**

*Teradata Savings Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, Teradata Corporation, the administrator of the Teradata Savings Plan, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Teradata Savings Plan

Date: June 26, 2014

By: /s/ Stephen M. Scheppmann  
Stephen M. Scheppmann  
Executive Vice President and Chief Financial Officer