

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-33458

TERADATA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-3236470
(I.R.S. Employer
Identification No.)

17095 Via Del Campo
San Diego, California 92127
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (866) 548-8348

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of Each Exchange on which Registered:
Common Stock, \$0.01 par value	TDC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 30, 2021, the registrant had approximately 109.1 million shares of common stock outstanding.

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Part 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

Teradata Corporation

Condensed Consolidated Statements of Income (Loss) (Unaudited)

In millions, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Subscription software licenses	\$ 81	\$ 55	\$ 174	\$ 103
Services and other	295	268	574	531
Total recurring	376	323	748	634
Perpetual software licenses, hardware and other	17	25	40	48
Consulting services	98	109	194	209
Total revenue	491	457	982	891
Cost of revenue				
Subscription software licenses	4	7	8	15
Services and other	83	82	169	167
Total recurring	87	89	177	182
Perpetual software licenses, hardware and other	11	18	22	33
Consulting services	83	94	166	195
Total cost of revenue	181	201	365	410
Gross profit	310	256	617	481
Operating expenses				
Selling, general and administrative expenses	161	165	310	323
Research and development expenses	79	83	156	156
Total operating expenses	240	248	466	479
Income from operations	70	8	151	2
Other expense, net				
Interest expense	(7)	(7)	(14)	(14)
Interest income	2	1	3	3
Other expense	(6)	(5)	(9)	(8)
Total other expense, net	(11)	(11)	(20)	(19)
Income (loss) before income taxes	59	(3)	131	(17)
Income tax expense (benefit)	15	40	34	(142)
Net income (loss)	\$ 44	\$ (43)	\$ 97	\$ 125
Net income (loss) per common share				
Basic	\$ 0.40	\$ (0.40)	\$ 0.89	\$ 1.14
Diluted	\$ 0.39	\$ (0.40)	\$ 0.86	\$ 1.13
Weighted average common shares outstanding				
Basic	109.0	108.5	108.9	109.4
Diluted	112.7	108.5	112.7	110.6

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 44	\$ (43)	\$ 97	\$ 125
Other comprehensive income (loss):				
Foreign currency translation adjustments	7	2	(1)	(17)
Derivatives:				
Unrealized gain (loss) on derivatives, before tax	3	1	7	(13)
Unrealized gain (loss) on derivatives, tax portion	(1)	—	(2)	3
Unrealized gain (loss) on derivatives, net of tax	2	1	5	(10)
Defined benefit plans:				
Defined benefit plan adjustment, before tax	3	1	5	4
Defined benefit plan adjustment, tax portion	(1)	—	(1)	(1)
Defined benefit plan adjustment, net of tax	2	1	4	3
Other comprehensive income (loss)	11	4	8	(24)
Comprehensive income (loss)	<u>\$ 55</u>	<u>\$ (39)</u>	<u>\$ 105</u>	<u>\$ 101</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 684	\$ 529
Accounts receivable, net	299	331
Inventories	20	29
Other current assets	143	155
Total current assets	1,146	1,044
Property and equipment, net	325	339
Right of use assets - operating lease, net	27	38
Goodwill	399	401
Capitalized contract costs, net	97	98
Deferred income taxes	208	222
Other assets	43	51
Total assets	\$ 2,245	\$ 2,193
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt	\$ 62	\$ 44
Current portion of finance lease liability	87	75
Current portion of operating lease liability	13	15
Accounts payable	91	50
Payroll and benefits liabilities	119	170
Deferred revenue	544	499
Other current liabilities	82	99
Total current liabilities	998	952
Long-term debt	374	411
Finance lease liability	73	70
Operating lease liability	20	28
Pension and other postemployment plan liabilities	143	152
Long-term deferred revenue	41	38
Deferred tax liabilities	6	6
Other liabilities	119	136
Total liabilities	1,774	1,793
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 108.9 and 108.8 shares issued at June 30, 2021 and December 31, 2020, respectively	1	1
Paid-in capital	1,743	1,656
Accumulated deficit	(1,138)	(1,114)
Accumulated other comprehensive loss	(135)	(143)
Total stockholders' equity	471	400
Total liabilities and stockholders' equity	\$ 2,245	\$ 2,193

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Six Months Ended June 30,	
	2021	2020
Operating activities		
Net income	\$ 97	\$ 125
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76	85
Stock-based compensation expense	52	52
Deferred income taxes	9	(149)
Changes in assets and liabilities:		
Receivables	32	59
Inventories	9	5
Current payables and accrued expenses	15	(32)
Deferred revenue	48	26
Other assets and liabilities	(3)	(31)
Net cash provided by operating activities	335	140
Investing activities		
Expenditures for property and equipment	(9)	(23)
Additions to capitalized software	(2)	(4)
Net cash used in investing activities	(11)	(27)
Financing activities		
Repurchases of common stock	(121)	(75)
Repayments of long-term borrowings	(19)	(13)
Payments of finance leases	(44)	(25)
Other financing activities, net	18	6
Net cash used in financing activities	(166)	(107)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4)	(7)
Increase (decrease) in cash, cash equivalents and restricted cash	154	(1)
Cash, cash equivalents and restricted cash at beginning of period	533	496
Cash, cash equivalents and restricted cash at end of period	\$ 687	\$ 495
Supplemental cash flow disclosure:		
Assets acquired under operating lease	\$ 3	\$ 5
Assets acquired under finance lease	\$ 58	\$ 39
Annual variable incentive payout settled in equity	\$ 17	\$ —

Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets:

	June 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 684	\$ 529
Restricted cash	3	4
Total cash, cash equivalents and restricted cash	\$ 687	\$ 533

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

In millions	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
December 31, 2020	108	\$ 1	\$ 1,656	\$ (1,114)	\$ (143)	\$ 400
Net income	—	—	—	53	—	53
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	4	—	52	—	—	52
Repurchases of common stock, retired	(3)	—	—	(85)	—	(85)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Unrealized gain on derivatives, net of tax	—	—	—	—	3	3
Currency translation adjustment	—	—	—	—	(8)	(8)
March 31, 2021	109	\$ 1	\$ 1,708	\$ (1,146)	\$ (146)	\$ 417
Net income	—	—	—	44	—	44
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	35	—	—	35
Repurchases of common stock, retired	—	—	—	(36)	—	(36)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Unrealized gain on derivatives, net of tax	—	—	—	—	2	2
Currency translation adjustment	—	—	—	—	7	7
June 30, 2021	109	\$ 1	\$ 1,743	\$ (1,138)	\$ (135)	\$ 471

In millions	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
December 31, 2019	111	\$ 1	\$ 1,545	\$ (1,143)	\$ (141)	\$ 262
Net income	—	—	—	168	—	168
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	1	—	22	—	—	22
Repurchases of common stock, retired	(4)	—	—	(75)	—	(75)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Unrealized loss on derivatives, net of tax	—	—	—	—	(11)	(11)
Currency translation adjustment	—	—	—	—	(19)	(19)
March 31, 2020	108	\$ 1	\$ 1,567	\$ (1,050)	\$ (169)	\$ 349
Net loss	—	—	—	(43)	—	(43)
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	1	—	36	—	—	36
Pension and postemployment benefit plans, net of tax	—	—	—	—	1	1
Unrealized gain on derivatives, net of tax	—	—	—	—	1	1
Currency translation adjustment	—	—	—	—	2	2
June 30, 2020	109	\$ 1	\$ 1,603	\$ (1,093)	\$ (165)	\$ 346

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

These statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") and, in accordance with those rules and regulations, do not include all information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the results of operations, financial position and cash flows of Teradata Corporation ("Teradata" or the "Company") for the interim periods presented herein. The year-end 2020 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates.

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Teradata's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 Annual Report"). The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

Prior period amounts have been revised to conform to the current year presentation. At the beginning of the first quarter of 2021, the Company changed its historical presentation for certain components within its revenue and cost categories. To better reflect the strategy and shift in the business, the Company adopted and revised the presentation beginning in the first quarter of 2021, including reclassifying managed services revenue of \$27 million and \$52 million for the three months and six ended June 30, 2020 and costs of \$21 million and \$41 million for the three and six months ended June 30, 2020 from Recurring to Consulting services. The Company also reclassified third party revenue of \$8 million and \$17 million for the three and six months ended June 30, 2020 and costs of \$6 million and \$13 million for the three and six months ended June 30, 2020 from Recurring to Perpetual software licenses, hardware and other. This change in presentation does not affect the Company's total revenues, total costs of revenues or overall total gross profit (defined as total revenue less total cost of revenue).

2. New Accounting Pronouncements

Reference Rate Reform. In March 2020, the Financial Accounting Standards Board ("FASB") issued new guidance to provide relief to companies that will be impacted by the expected change in benchmark interest rates, as participating banks will no longer be required to submit London Interbank Offered Rate ("LIBOR") quotes by the U.K. Financial Conduct Authority. The new guidance allows companies to, provided the only change to existing contracts are a change to an approved benchmark interest rate, account for modifications as a continuance of the existing contract without additional analysis. For new and existing contracts, companies may elect to apply the amendments as of March 12, 2020 through December 31, 2022. The Company is currently evaluating this new guidance to determine the impact it may have on our condensed consolidated financial statements or related disclosures.

Recently Adopted Guidance

Accounting for Income Taxes. In December 2019, the FASB issued new guidance to simplify the accounting for income taxes. The new guidance changes various subtopics of accounting for income taxes including, but not limited to, accounting for "hybrid" tax regimes, tax basis step-up in goodwill obtained in a transaction that is not a business combination, intra-period tax allocation exception to incremental approach, ownership changes in investments, interim-period accounting for enacted changes in tax law, and year-to-date loss limitation in interim-period tax accounting. We adopted the guidance in the first quarter of 2021. The adoption did not have a material impact on our condensed consolidated financial statements or related disclosures.

3. Revenue from Contracts with Customers

Disaggregation of Revenue from Contracts with Customers

The following table presents a disaggregation of revenue:

in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Americas				
Recurring	\$ 233	\$ 204	\$ 451	\$ 400
Perpetual software licenses, hardware and other	4	13	11	20
Consulting services	37	42	75	83
Total Americas	274	259	537	503
EMEA				
Recurring	86	75	187	148
Perpetual software licenses, hardware and other	7	8	20	21
Consulting services	35	35	68	67
Total EMEA	128	118	275	236
APJ				
Recurring	57	44	110	86
Perpetual software licenses, hardware and other	6	4	9	7
Consulting services	26	32	51	59
Total APJ	89	80	170	152
Total Revenue	<u>\$ 491</u>	<u>\$ 457</u>	<u>\$ 982</u>	<u>\$ 891</u>

Rental revenue, which is included in recurring revenue in the above table, was as follows:

in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Rental revenue*	\$ 48	\$ 25	\$ 87	\$ 44

*Rental revenue includes hardware maintenance.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, contract assets, and customer advances and deposits (deferred revenue or contract liabilities) on the condensed consolidated balance sheet. Accounts receivable include amounts due from customers that are unconditional. Contract assets relate to the Company's rights to consideration for goods delivered or services completed and recognized as revenue but billing and the right to receive payment is conditional upon the completion of other performance obligations. Contract assets are included in other current assets on the balance sheet and are transferred to accounts receivable when the rights become unconditional. Deferred revenue consists of advance payments and billings in excess of revenue recognized. Deferred revenue is classified as either current or noncurrent based on the timing of when the Company expects to recognize revenue. These assets and liabilities are reported on a contract-by-contract basis at the end of each reporting period. The following table provides information about receivables, contract assets and deferred revenue from contracts with customers:

in millions	As of	
	June 30, 2021	December 31, 2020
Accounts receivable, net	299	\$ 331
Contract assets	16	11
Current deferred revenue	544	499
Long-term deferred revenue	41	38

Revenue recognized during the six months ended June 30, 2021 from amounts included in deferred revenue at the beginning of the period was \$250 million.

Transaction Price Allocated to Unsatisfied Obligations

The following table includes estimated revenue expected to be recognized in the future related to the Company's unsatisfied (or partially satisfied) obligations at June 30, 2021:

in millions	Total at June 30, 2021	Year 1	Year 2 and Thereafter
Remaining unsatisfied obligations	\$ 2,611	\$ 1,542	\$ 1,069

The amounts above represent the price of firm orders for which work has not been performed or goods have not been delivered and exclude unexercised contract options outside the stated contractual term that do not represent material rights to the customer. Although the Company believes that the contract value in the above table is firm, approximately \$1,500 million of the amount is under contracts that are subject to customer-only general cancellation for convenience terms that the Company is contractually obligated to perform unless the customer notifies us of cancellation. The Company expects to recognize revenue of approximately \$441 million in the next year from contracts that are non-cancelable. The Company believes the inclusion of this information is important to understanding the obligations that the Company is contractually required to perform and provides useful information regarding remaining obligations related to these executed contracts.

4. Contract Costs

The Company capitalizes sales commissions and other contract costs that are incremental direct costs of obtaining customer contracts if the expected amortization period of the asset is greater than one year. These costs are recorded in capitalized contract costs, net on the Company's balance sheet. The capitalized amounts are calculated based on the annual recurring revenue and contract value for individual multi-term contracts. The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract. Costs to obtain a contract are amortized as selling, general and administrative expenses on a straight-line basis over the expected period of benefit, which is typically around four years. These costs are periodically reviewed for impairment. The following table identifies the activity relating to capitalized contract costs:

in millions	December 31, 2020	Capitalized	Amortization	June 30, 2021
Capitalized contract costs	\$ 98	\$ 20	\$ (21)	\$ 97

in millions	December 31, 2019	Capitalized	Amortization	June 30, 2020
Capitalized contract costs	\$ 91	\$ 14	\$ (17)	\$ 88

5. Supplemental Financial Information

In millions	As of	
	June 30, 2021	December 31, 2020
Inventories		
Finished goods	\$ 10	\$ 18
Service parts	10	11
Total inventories	<u>\$ 20</u>	<u>\$ 29</u>
Deferred revenue		
Deferred revenue, current	\$ 544	\$ 499
Long-term deferred revenue	41	38
Total deferred revenue	<u>\$ 585</u>	<u>\$ 537</u>

6. Income Taxes

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant infrequent or unusual items which are required to be discretely recognized within the current interim period. The Company expects that a majority of its foreign earnings will be repatriated back to the United States ("U.S."). As a result, the effective tax rates in the periods presented are largely based upon the forecasted pre-tax earnings mix and allocation of certain expenses in various taxing jurisdictions where the Company conducts its business.

The effective tax rate is as follows:

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Effective tax rate	25.4 %	(1,333.3)%	26.0 %	835.3 %

For the three months ended June 30, 2021, the Company had no material discrete tax adjustments.

For the six months ended June 30, 2021, the Company recorded \$4 million of discrete tax benefit, a majority of which related to the excess tax benefit derived from stock-based compensation vesting.

For the three months ended June 30, 2020, the Company recorded \$39 million discrete tax expense, a majority of which related to the adjustment of the marginal tax rate from the first quarter of 2020 based on revised full-year forecasted earnings. As a result, the Company recorded income tax expense of \$40 million on a pre-tax net loss of \$3 million for the three months ended June 30, 2020, resulting in an effective income tax rate of (1,333.3)%.

For the six months ended June 30, 2020, the Company recorded \$113 million of discrete tax benefit. The discrete tax expense of \$39 million recorded in the second quarter of 2020 described above was offset by \$152 million of discrete tax benefit recorded in the first quarter of 2020, a majority of which related to an intra-entity asset transfer of certain of the Company's intellectual property ("IP") to one of its Irish subsidiaries, which occurred on January 1, 2020. As a result of these discrete items, the Company recorded \$142 million of income tax benefit on a pre-tax net loss of \$17 million for the six months ended June 30, 2020, resulting in an effective income tax rate of 835.3%.

The Company estimates its annual effective tax rate for 2021 to be approximately 30%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction and the impact of discrete tax items to be recognized in 2021. Under U.S. tax law, U.S. shareholders are subject to a tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to provide for the tax expense related to GILTI in the year in which the tax is incurred. The Company does not expect a material amount of tax expense related to GILTI based on our forecasted marginal effective tax rate for 2021.

7. Derivative Instruments and Hedging Activities

As a portion of Teradata's operations is conducted outside the U.S. and in currencies other than the U.S. dollar, the Company is exposed to potential gains and losses from changes in foreign currency exchange rates. In an attempt to mitigate the impact of currency fluctuations, the Company uses foreign exchange forward contracts to hedge transactional exposures resulting predominantly from foreign currency denominated inter-company receivables and payables. The forward contracts are designated as fair value hedges of specified foreign currency denominated inter-company receivables and payables and generally mature in three months or less. The fair values of foreign exchange contracts are based on market spot and forward exchange rates and represent estimates of possible value that may not be realized in the future. Across its portfolio of contracts, Teradata has both long and short positions relative to the U.S. dollar. As a result, Teradata's net involvement is less than the total contract notional amount of the Company's foreign exchange forward contracts.

Gains and losses from foreign exchange forward contracts are fully recognized each period and reported along with the offsetting gain or loss of the related hedged item, either in cost of revenues, operating expenses or in other income (expense), depending on the nature of the related hedged item.

In June 2018, Teradata executed a five-year interest rate swap with a \$500 million initial notional amount to hedge the floating interest rate of its term loan, as more fully described in Note 10. The Company uses interest rate swaps to manage interest rate risks on future interest payments caused by interest rate changes on its variable rate term loan. The notional amount of the hedge steps down according to the amortization schedule of the term loan. The notional amount of the hedge was \$437 million as of June 30, 2021.

The Company performed an initial effectiveness assessment in the third quarter of 2018 on the interest rate swap, and the hedge was determined to be effective. The hedge is being evaluated qualitatively on a quarterly basis for effectiveness. Changes in fair value are recorded in Accumulated Other Comprehensive Loss and periodic settlements of the swap will be recorded in interest expense along with the interest on amounts outstanding under the term loan.

The following table identifies the contract notional amount of the Company's derivative financial instruments:

In millions	As of	
	June 30, 2021	December 31, 2020
Contract notional amount of foreign exchange forward contracts	\$ 161	\$ 90
Net contract notional amount of foreign exchange forward contracts	\$ 137	\$ 29
Contract notional amount of interest rate swap	\$ 437	\$ 456

All derivatives are recognized in the condensed consolidated balance sheets at their fair value. The notional amounts represent agreed-upon amounts on which calculations of dollars to be exchanged are based and are an indication of the extent of Teradata's involvement in such instruments. These notional amounts do not represent amounts exchanged by the parties and, therefore, are not a measure of the instruments. Refer to Note 9 for disclosures related to the fair value of all derivative assets and liabilities.

The Company does not hold or issue derivative financial instruments for trading purposes, nor does it hold or issue leveraged derivative instruments. By using derivative financial instruments to hedge exposures to changes in foreign exchange and interest rates, the Company exposes itself to credit risk. The Company manages exposure to counterparty credit risk by entering into derivative financial instruments with highly rated institutions that can be expected to fully perform under the terms of the applicable contracts.

8. Commitments and Contingencies

Legal Proceedings. In the ordinary course of business, the Company is subject to proceedings, lawsuits, governmental investigations, claims and other matters, including those that relate to the environment, health and safety, employee benefits, export compliance, intellectual property, tax matters and other regulatory compliance and general matters. We are not currently a party to any litigation, nor are we aware of any pending or threatened litigation against us that we believe would materially affect our business, operating results, financial condition or cash flows, other than the following:

On June 19, 2018, the Company and certain of its subsidiaries filed a lawsuit in the U.S. District Court for the Northern District of California against SAP SE, SAP America, Inc., and SAP Labs, LLC (collectively, "SAP"). In the lawsuit, the Company alleges, among other things, that SAP misappropriated certain of the Company's trade secrets within the Company's enterprise data analytics and warehousing products and used them to help develop, improve, introduce, and sell one or more competing products. The Company further alleges that SAP has employed anticompetitive practices using its substantial market position in the enterprise resource planning applications market to pressure the Company's customers and prospective customers to use SAP's one or more competing products and reduce or eliminate customers' and prospective customers' use of the Company's offerings. The Company may seek an injunction barring SAP's alleged conduct, monetary damages, and other available legal and equitable relief. In July 2019, SAP filed patent infringement counterclaims against Teradata based on five of SAP's U.S. patents (one of which has since been dismissed from the suit), and the Company is vigorously defending against these counterclaims. On August 31, 2020, the Company filed a second lawsuit against SAP in the U.S. District Court for the Northern District of California. In this lawsuit as it currently stands, Teradata alleges infringement by SAP of four of Teradata's U.S. patents and seeks an injunction barring SAP from further infringement, monetary damages, and other available legal and equitable relief. On February 16, 2021, SAP filed additional patent infringement counterclaims against Teradata based on six additional U.S. patents. On the same day, SAP also filed a lawsuit in Germany for infringement of a single German patent. Currently, it is not possible to determine the likelihood of a loss or a reasonably estimated range of loss, if any, pertaining to any of SAP's patent counterclaims in the United States or its German lawsuit.

Other Contingencies. The Company provides its customers with certain indemnification rights. In general, the Company agrees to indemnify the customer if a third party asserts patent or other infringement on the part of the customer for its use of the Company's offerings. The Company has indemnification obligations under its charter and bylaws to its officers and directors, and has entered into indemnification agreements with the officers and directors of its subsidiaries. From time to time, the Company also enters into agreements in connection with its acquisition and divestiture activities that include indemnification obligations by the Company. The fair value of these indemnification obligations is typically not readily determinable due to the conditional nature of the Company's potential obligations and the specific facts and circumstances involved with each particular agreement. As such, the Company has generally not recorded a liability in connection with these indemnification arrangements. Historically, payments made by the Company under these types of agreements have not had a material effect on the Company's consolidated financial condition, results of operations or cash flows.

Concentrations of Risk. The Company is potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments, and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Teradata's business often involves large transactions with customers, and if one or more of those customers were to default in its obligations under applicable contractual arrangements, the Company could be exposed to potentially significant losses. However, management believes that the reserves for potential losses were adequate at June 30, 2021 and December 31, 2020.

The Company is also potentially subject to concentrations of supplier risk. Our hardware components are assembled exclusively by Flex Ltd. ("Flex"). Flex procures a wide variety of components used in the manufacturing process on behalf of the Company. Although many of these components are available from multiple sources, Teradata utilizes preferred supplier relationships to provide more consistent and optimal quality, cost and delivery. Typically, these

preferred suppliers maintain alternative processes and/or facilities to ensure continuity of supply. Given the Company's strategy to outsource its manufacturing activities to Flex and to source certain components from single suppliers, a disruption in production at Flex or at a supplier could impact the timing of customer shipments and/or Teradata's operating results. In addition, a significant change in the forecasts to any of these preferred suppliers could result in purchase obligations for components that may be in excess of demand.

9. Fair Value Measurements

Fair value measurements are established utilizing a three-tier fair value hierarchy, which 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 significant other observable inputs, such as 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.

The Company's assets and liabilities measured at fair value on a recurring basis include money market funds, interest rate swaps and foreign currency exchange contracts. A portion of the Company's excess cash reserves are held in money market funds which generate interest income based on the prevailing market rates. Money market funds are included in cash and cash equivalents in the Company's balance sheet. Money market fund holdings are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy.

When deemed appropriate, the Company minimizes its exposure to changes in foreign currency exchange rates through the use of derivative financial instruments, specifically, foreign exchange forward contracts. Additionally, in June 2018, Teradata executed a five-year interest rate swap with a \$500 million initial notional amount in order to hedge the floating interest rate on its term loan. The fair value of these contracts and swaps are measured at the end of each interim reporting period using observable inputs other than quoted prices, specifically market spot and forward exchange rates. As such, these derivative instruments are classified within Level 2 of the valuation hierarchy. Fair value of unrealized gains for open contracts are recorded in other assets and the fair value of unrealized losses are recorded in other liabilities in the Company's balance sheet. The fair value of foreign exchange forward contract assets and liabilities at June 30, 2021 and December 31, 2020 was not material. Realized gains and losses from the Company's fair value hedges net of corresponding gains or losses on the underlying exposures were immaterial for the three and six months ended June 30, 2021 and 2020.

The Company's other assets and liabilities measured at fair value on a recurring basis and subject to fair value disclosure requirements at June 30, 2021 and December 31, 2020 were as follows:

		Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
In millions	Total				
Assets					
Money market funds at June 30, 2021	\$ 207	\$ 207	\$ —	\$ —	
Money market funds at December 31, 2020	\$ 16	\$ 16	\$ —	\$ —	
Liabilities					
Interest rate swap at June 30, 2021	\$ 20	\$ —	\$ 20	\$ —	
Interest rate swap at December 31, 2020	\$ 27	\$ —	\$ 27	\$ —	

10. Debt

In June 2018, Teradata replaced an existing 5 year, \$400 million revolving credit facility with a new \$400 million revolving credit facility (the "Credit Facility"). The Credit Facility expires in June 2023, at which point any remaining outstanding borrowings would be due for repayment unless extended by agreement of the parties for up to two additional one-year periods. In addition, under the terms of the Credit Facility, Teradata from time to time

and subject to certain conditions may increase the lending commitments under the Credit Facility in an aggregate principal amount up to an additional \$200 million, to the extent that existing or new lenders agree to provide such additional commitments. The outstanding principal amount of the Credit Facility bears interest at a floating rate based upon, at Teradata's option, a negotiated base rate or a Eurodollar rate plus, in each case, a margin based on Teradata's leverage ratio. In the near term, Teradata would anticipate choosing a floating rate based on LIBOR. The Credit Facility is unsecured but is guaranteed by certain of Teradata's material domestic subsidiaries and contains certain representations and warranties, conditions, affirmative, negative and financial covenants, and events of default customary for such facilities. As of June 30, 2021, the Company had no borrowings outstanding under the Credit Facility, leaving \$400 million in borrowing capacity available under the Credit Facility. The Company was in compliance with all covenants under the Credit Facility as of June 30, 2021.

Also, in June 2018, Teradata closed on a new senior unsecured \$500 million five-year term loan, the proceeds of which plus additional cash-on-hand were used to pay off the remaining \$525 million of principal on its previous term loan. The term loan is payable in quarterly installments, which commenced on June 30, 2019, with 1.25% of the initial principal amount due on each of the first eight payment dates; 2.50% of the initial principal amount due on each of the next four payment dates; 5.0% of the initial principal amount due on each of the next three payment dates; and all remaining principal due in June 2023. The outstanding principal amount of the term loan bears interest at a floating rate based upon a negotiated base rate or a Eurodollar rate, plus in each case, a margin based on the leverage ratio of the Company. As of June 30, 2021, the term loan principal outstanding was \$437 million. As disclosed in Note 7, Teradata entered into an interest rate swap to hedge the floating interest rate of the term loan. As a result of the swap, Teradata's fixed rate on the term loan equals 2.86% plus the applicable leverage-based margin as defined in the term loan agreement. As of June 30, 2021, the all-in fixed rate is 4.36%. The Company was in compliance with all covenants under the term loan as of June 30, 2021.

Teradata's term loan is recognized on the Company's balance sheet at its unpaid principal balance, net of deferred issuance costs, and is not subject to fair value measurement. However, given that the loan carries a variable rate, the Company estimates that the unpaid principal balance of the term loan would approximate its fair value. If measured at fair value in the financial statements, the Company's term loan would be classified as Level 2 in the fair value hierarchy.

11. Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic earnings per share, except that the weighted average number of shares outstanding includes the dilution from potential shares resulting from stock options, restricted stock awards and other stock awards. The components of basic and diluted earnings per share are as follows:

In millions, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributable to common stockholders	\$ 44	\$ (43)	\$ 97	\$ 125
Weighted average outstanding shares of common stock	109.0	108.5	108.9	109.4
Dilutive effect of employee stock options, restricted stock and other stock awards	3.7	—	3.8	1.2
Common stock and common stock equivalents	112.7	108.5	112.7	110.6
Net income (loss) per share:				
Basic	\$ 0.40	\$ (0.40)	\$ 0.89	\$ 1.14
Diluted	\$ 0.39	\$ (0.40)	\$ 0.86	\$ 1.13

For the three months ended June 30, 2020, due to the net loss attributable to Teradata common stockholders, potential shares that would cause dilution, such as shares resulting from employee stock options, restricted shares and other stock awards, have been excluded from the diluted share count because their effect would have been anti-dilutive. The fully diluted shares would have been 109.7 million for the three months ended June 30, 2020.

Options to purchase 0.2 million and 0.6 million shares of common stock for the three and six months ended June 30, 2021 and 2.1 million and 2.2 million shares of common stock for the three and six months ended June 30, 2020 were not included in the computation of diluted earnings per share because the exercise prices of these options were greater than the average market price of the common shares for the period, and therefore would have been anti-dilutive.

12. Segment and Other Supplemental Information

Teradata manages its business under three geographic regions, which are also the Company's operating segments: (1) Americas region (North America and Latin America); (2) EMEA region (Europe, Middle East and Africa) and (3) APJ region (Asia Pacific and Japan). For purposes of discussing results by segment, management excludes the impact of certain items, consistent with the manner by which management evaluates the performance of each segment. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by Teradata management to make decisions regarding the segments and to assess financial performance. The chief operating decision maker, who is the Company's President and Chief Executive Officer, evaluates the performance of the segments based on revenue and multiple profit measures, including segment gross profit. For management reporting purposes, assets are not allocated to the segments.

The following table presents segment revenue and segment gross profit for the Company:

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Segment revenue				
Americas	\$ 274	\$ 259	\$ 537	\$ 503
EMEA	128	118	275	236
APJ	89	80	170	152
Total revenue	491	457	982	891
Segment gross profit				
Americas	185	161	367	305
EMEA	80	67	168	128
APJ	53	41	98	71
Total segment gross profit	318	269	633	504
Stock-based compensation costs	5	4	8	8
Acquisition, integration, reorganization and transformation-related costs	3	4	8	4
Amortization of capitalized software costs	—	5	—	11
Total gross profit	310	256	617	481
Selling, general and administrative expenses	161	165	310	323
Research and development expenses	79	83	156	156
Income from operations	\$ 70	\$ 8	\$ 151	\$ 2

13. Reorganization and Business Transformation

2020 Workforce Reduction and Real Estate Rationalization Measures

In September 2020, the Company offered a voluntary separation program ("VSP") to certain tenured employees. This global program was generally made available to active employees in good standing who (1) were at least 55 years old as of October 1, 2020 and (2) had at least ten years of service with Teradata. This program was implemented as part of the Company's efforts to improve its cost structure. On November 2, 2020, the Company approved a plan to realign and reduce its workforce and rationalize its real estate footprint. The workforce measures

involve involuntary headcount reduction actions. These actions are separate from the VSP. The rationalization of the Company's real estate footprint involves terminating leases relating to certain of the Company's offices globally and transitioning impacted employees to a permanent virtual working environment, co-working space or a smaller facility, depending on business need. The Company is continuing to evaluate and implement additional measures that would be expected to result in further cost savings.

The costs relating to these workforce reduction and real estate rationalization measures include one-time employee separation benefits, transition support, outside services and other exit-related costs. The Company expects that it will incur total costs and charges related to these actions in the range of approximately \$55 to \$59 million, consisting primarily of the following:

- \$13 to \$14 million for employee severance and other employee-related costs, which is separate from the \$29 to \$30 million for costs related to the VSP,
- \$6 to \$7 million charge for facilities lease related costs, and
- \$7 to \$8 million for outside service, legal and other associated costs.

The Company incurred \$13 million of these costs and charges in the first six months of 2021 and \$42 million in 2020 with the remaining costs and charges expected to be incurred in the second half of 2021 upon completion of these actions. Cash expenditures related to these actions are estimated at approximately \$59 to \$66 million. Approximately \$12 million to \$13 million of the cash expenditures relate to cash payments to international employees and which are not expected to have a material impact on the Company's Condensed Consolidated Statements of Income due to the Company accounting for its International postemployment benefits under Accounting Standards Codification 712, Compensation - Nonretirement Postemployment Benefits ("ASC 712"), which uses actuarial estimates and defers the immediate recognition of gains or losses.

The Company recognized costs of \$13 million (\$9 million cash and \$4 million non-cash) in the first six months of 2021 for the VSP, employee separation benefits, facilities lease related costs, outside service, legal and other associated costs. Certain benefits are being expensed over the time period that the employees are required to work to earn them to the extent the required service period extends beyond the nominal period. \$3 million of these costs were recorded to costs of revenue, \$7 million were recorded to selling, general and administrative expenses and \$3 million were recorded to research and development expenses. There was no impact to the segment gross profit.

Cash paid related to the actions described above was \$33 million in the first six months of 2021 and \$23 million in 2020. Not included in the table below are approximately \$8 million in the first six months of 2021 and \$2 million in 2020 of cash payments for international employees, which did not have a material impact on the Condensed Consolidated Statements of Income.

The 2021 activity and the reserves related to these workforce reduction and real estate rationalization measures are as follows:

In millions	Balance at December 31, 2020	Expense accruals	Cash payments	Balance at June 30, 2021
VSP	\$ 16	\$ 3	\$ (17)	\$ 2
Employee severance and other employee-related costs	2	4	(6)	—
Facilities lease related costs, outside service, legal and other associated costs	—	2	(2)	—
Total	\$ 18	\$ 9	\$ (25)	\$ 2

In addition, the Company incurred non-cash costs not reflected in the table above of \$1 million in the first six months of 2021 and \$2 million in 2020 for stock-based compensation for accelerated vesting tied to the VSP and \$3 million in 2021 and \$2 million in 2020 for accelerated amortization of right-of-use assets and fixed assets associated with the termination of leases relating to certain of the Company's offices globally. The remaining lease liability is included in our operating lease obligations as of June 30, 2021 and is not included in the table above.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

You should read the following discussion in conjunction with the Condensed Consolidated Financial Statements and the notes to those statements included elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements contained in the MD&A are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 Annual Report"). The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

Teradata Corporation ("we," "us," "Teradata," or the "Company") is the leading connected multi-cloud data platform for enterprise analytics at scale. Our connected multi-cloud data platform, Teradata Vantage, allows customers to integrate and simplify their multi-cloud data and analytic ecosystems, streamline access and management of their data, and use analytics to derive business value from diverse data types. Our Teradata Vantage platform is designed and built to run across on-premises, private cloud and public cloud environments. This platform is supported by business consulting, support services and partner networks that enable customers to extract insights from across a company's entire data and analytics ecosystem.

Teradata's strategy is based on our differentiated value proposition for the top 10,000 largest organizations in the world. Our strategy is to provide a connected multi-cloud data platform, Teradata Vantage, that supports the needs of enterprises from start to scale. Teradata Vantage is an effective platform for driving business outcomes, with a partnering approach, embracing modern ecosystems and enabling users to build how they want.

We are continuing to execute on our key priorities, including significant product expansion of our Teradata Vantage multi-cloud data platform offering, expanding our footprint with existing customers and adding new customers, driving focus on modern cloud partner ecosystems and driving operational efficiency and agility across the company. Our strategy is further supported by various people initiatives to drive a growth-oriented culture, as well as an increased focus on diversity, equity and inclusiveness, to attract and support high performing, top talent, and diverse teams.

To allow for greater transparency regarding the progress we are making toward achieving our strategic objectives, we utilize the following financial and performance metrics:

- Annual Recurring Revenue ("ARR") - annual contract value for all active and contractually binding term-based contracts at the end of a period. ARR includes maintenance, software upgrade rights, public cloud and on-premises subscription-based transactions.
- Public cloud ARR (included within total ARR) - annual contract value for all active and contractually binding term based contracts at the end of a period that are operated in a public cloud environment; and
- Remaining performance obligation ("RPO")/Backlog - the price of firm orders for which work has not been performed or goods have not been delivered and the Company is contractually required to perform.

COVID-19 Update

See Part I, Item 1A. "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2020 Annual Report for a discussion related to risks and impact of COVID-19 on the Company. As of the date of this Quarterly Report on Form 10-Q, we are continuing to execute our pandemic response plan, and the Teradata Pandemic Response Team is refining and executing return-to-office

plans with "safety first" considerations. Customer-facing teams are also proactively working to identify ways to assist customers, meet service level commitments, and engage with customers via virtual events.

Despite these efforts, there remains a fair degree of uncertainty regarding the potential impact of the pandemic on our business, from both a financial and operational perspective, and the scope and costs associated with additional measures that may be necessary in response to the pandemic going forward, particularly in light of the potential impact of one or more COVID-19 variants. We will continue our diligent efforts to monitor and respond as appropriate to the impacts of the pandemic on our business, including the status of our workforce, supply chain, customers, suppliers, and vendors, based on the priorities described above. Our actions will continue to be informed by the requirements and recommendations of the federal, state or local authorities. We will remain agile and have contingency plans in place to appropriately respond to conditions as they unfold.

Second Quarter Financial Overview

As more fully discussed in later sections of this MD&A, the following were significant financial items for the second quarter of 2021:

- At the end of the second quarter of 2021, ARR was \$1.426 billion, increasing 9% as compared to the second quarter of 2020, including a 2% positive impact from foreign currency translation, as compared to the second quarter of 2020. At the end of second quarter of 2021, Public cloud ARR was \$139 million, increasing 157% as compared to the second quarter of 2020, including a 4% positive impact from foreign currency fluctuations.
- Total revenue was \$491 million for the second quarter of 2021, a 7% increase compared to the second quarter of 2020, with an underlying 16% increase in recurring revenue. Perpetual software licenses, hardware and other revenue decreased 32%, and consulting services revenue decreased 10%. Foreign currency fluctuations had a 3% positive impact on total revenue for the quarter compared to the prior year.
- Gross margin increased to 63.1% in the second quarter of 2021 from 56.0% in the second quarter of 2020, primarily due to a higher recurring revenue mix as compared to the prior period.
- Operating expenses for the second quarter of 2021 decreased by 3% compared to the second quarter of 2020, primarily due to lower employee cost base resulting from the workforce reduction measures in 2020 offset by an increase in investments in cloud transformation and variable incentive compensation expense.
- Operating income was \$70 million in the second quarter of 2021, compared to \$8 million in the second quarter of 2020.
- Net income in the second quarter of 2021 was \$44 million, compared to net loss of \$43 million in the second quarter of 2020.
- Total backlog of \$2.611 billion at the end of the second quarter of 2021 was up 1% from the second quarter of the prior year.

Results of Operations for the Three Months Ended June 30, 2021
Compared to the Three Months Ended June 30, 2020

Revenue

In millions	2021	% of Revenue	2020	% of Revenue
Recurring	\$ 376	76.5 %	\$ 323	70.8 %
Perpetual software licenses, hardware and other	17	3.5 %	25	5.5 %
Consulting services	98	20.0 %	109	23.9 %
Total revenue	\$ 491	100.0 %	\$ 457	100.2 %

Total revenue increased \$34 million, or 7%, in second quarter of 2021 and included a 3% positive impact from foreign currency fluctuations. Recurring revenue grew 16%, including a 3% positive impact from foreign currency fluctuations. Recurring revenue increased due to a higher base of revenue driven by continued growth in public cloud and subscription ARR during 2020 and continued growth in public cloud ARR in 2021. Additionally, on-premises customer transactions involving substantive long-term commitments resulted in revenue being recognized on a recurring annual basis rather than a recurring quarterly basis and drove approximately \$22 million of revenue into the second quarter from these arrangements versus ratably across four quarters. For full year 2021, we expect a mid- to high-single digit percentage increase in ARR growth. Recurring revenue is expected to grow at a high-single-digit to low-double-digit percentage compared to 2020. Public cloud ARR is expected to increase by at least 90% for the third quarter of 2021 as compared to the same period in 2020 and increase by at least 100% year-over-year for full year of 2021 as compared to 2020. Taking into consideration the expected growth in recurring revenue, partially offset by anticipated reductions in perpetual software licenses, hardware and other revenue and consulting services revenue, we expect that total revenue will grow at low-single-digit to mid-single-digit percentage in 2021 as compared to 2020.

Revenues from perpetual software licenses, hardware and other were down 32% in the second quarter of 2021 as customers continue to transition to subscription-based offerings, consistent with our overall strategy.

Consulting services revenue decreased 10% in the second quarter of 2021, including a 4% positive impact from foreign currency fluctuations, as we are realigning and focusing our consulting resources on higher-margin engagements, both direct engagement with customers and joint engagement with partners that drive increased software consumption within our targeted customer base. Consulting revenue was also impacted by the transition to work from home and shelter-in-place orders that went in effect late in the first quarter of 2020 in response to COVID-19 as well as delays and/or cancellations of consulting projects due to customers' reduced spending in light of COVID-19.

As a portion of the Company's operations and revenue occur outside the United States, and in currencies other than the U.S. dollar, the Company is exposed to fluctuations in foreign currency exchange rates. Based on currency rates as of July 31, 2021, Teradata is expecting approximately one to two percentage points of positive impact from currency translation on our 2021 full-year total revenues.

Gross Profit

In millions	2021	% of Revenue	2020	% of Revenue
Recurring	\$ 289	76.9 %	\$ 234	72.4 %
Perpetual software licenses, hardware and other	6	35.3 %	7	28.0 %
Consulting services	15	15.3 %	15	13.8 %
Total gross profit	\$ 310	63.1 %	\$ 256	56.0 %

The increase in recurring revenue gross profit as a percentage of revenue was primarily driven by a higher amount of recurring revenue at an improved gross margin rate driven by greater subscription and cloud efficiencies versus

prior year. Upfront revenue recognition of certain renewed and expanded customer arrangements, discussed above, also had a positive impact on recurring revenue gross margin.

The increase in perpetual software licenses, hardware and other gross profit as a percentage of revenue was primarily driven by deal mix.

Consulting services gross profit as a percentage of revenue increased as compared to the prior year primarily due to improved resource mix utilization, increased revenue realization and our continued strategic focus on higher-value projects.

Operating Expenses

In millions	2021	% of Revenue	2020	% of Revenue
Selling, general and administrative expenses	\$ 161	32.8 %	\$ 165	36.1 %
Research and development expenses	79	16.2 %	83	18.3 %
Total operating expenses	\$ 240	48.9 %	\$ 248	54.3 %

The selling, general and administrative ("SG&A") and research and development ("R&D") expense decreases were primarily driven by a lower employee cost base resulting from the 2020 reorganization efforts and a focus on efficient operational execution.

Other Expense, net

In millions	2021	2020
Interest income	\$ 2	\$ 1
Interest expense	(7)	(7)
Other	(6)	(5)
Other expense, net	\$ (11)	\$ (11)

Other expense, net in the second quarter of 2021 and 2020 is comprised primarily of interest expense on long-term debt and finance leases as well as benefit costs on our pension and postemployment plans, partially offset by interest income earned on our cash and cash equivalents.

Provision for Income Taxes

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant infrequent or unusual items which are required to be discretely recognized within the current interim period.

The Company expects that a majority of its foreign earnings will be repatriated to the U.S. The effective tax rates in the periods presented are largely based upon the forecasted pre-tax earnings mix between the U.S. and other foreign taxing jurisdictions where the Company conducts its business. The Company estimates its full-year effective tax rate for 2021 will be approximately 30%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction and the estimated discrete items to be recognized in 2021. The forecasted tax rate is based on the overseas profits being taxed at an overall effective tax rate of approximately 24%, as compared to the U.S. federal statutory tax rate of 21%.

The effective tax rate for the three months ended June 30, 2021 and 2020 were as follows:

	2021	2020
Effective tax rate	25.4 %	(1,333.3)%

For the three months ended June 30, 2021, the Company had no material discrete tax adjustments.

For the three months ended June 30, 2020, the Company recorded a net \$39 million of discrete tax expense, a majority of which related to the true-up of the marginal tax rate from the first quarter based on revised full-year

forecasted earnings. As a result, the Company recorded income tax expense of \$40 million on a pre-tax net loss of \$3 million for the three months ended June 30, 2020, resulting in an effective income tax rate of (1,333.3)%.

Revenue and Gross Profit by Operating Segment

Teradata manages its business under three geographic regions, which are also the Company's operating segments: (1) Americas region (North America and Latin America); (2) EMEA region (Europe, Middle East, and Africa) and (3) APJ region (Asia Pacific and Japan). For purposes of discussing results by segment, management excludes the impact of certain items, consistent with the manner by which management evaluates the performance of each segment. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by Teradata management to make decisions regarding the segments and to assess financial performance. The chief operating decision maker, who is our President and Chief Executive Officer, evaluates the performance of the segments based on revenue and multiple profit measures, including segment gross profit. For management reporting purposes, assets are not allocated to the segments. Our segment results are reconciled to total company results reported under GAAP in Note 12 of Notes to Condensed Consolidated Financial Statements (Unaudited).

The following table presents segment revenue and segment gross profit for the Company for the three months ended June 30:

In millions	2021	% of Revenue	2020	% of Revenue
Segment revenue				
Americas	\$ 274	55.8 %	\$ 259	56.7 %
EMEA	128	26.1 %	118	25.8 %
APJ	89	18.1 %	80	17.5 %
Total segment revenue	<u>\$ 491</u>	<u>100 %</u>	<u>\$ 457</u>	<u>100 %</u>
Segment gross profit				
Americas	\$ 185	67.5 %	\$ 161	62.2 %
EMEA	80	62.5 %	67	56.8 %
APJ	53	59.6 %	41	51.3 %
Total segment gross profit	<u>\$ 318</u>	<u>64.8 %</u>	<u>\$ 269</u>	<u>58.9 %</u>

Americas

Americas revenue increased 6% as compared to the prior year. Recurring revenue was up 14% and perpetual and other revenue was down 69% (\$9 million). Consulting revenue decreased 12% as compared to the prior year. Segment gross profit as a percentage of revenues was higher primarily due to an overall higher mix of recurring revenue.

EMEA

EMEA revenue increased 8%, which included a 9% favorable impact from foreign currency fluctuations. The overall increase in revenue included an increase of 15% in recurring revenue, a reduction of 13% in perpetual and other revenue and flat consulting revenue. Segment gross profit as a percentage of revenues was higher primarily due to a higher mix of recurring revenue.

APJ

APJ revenue increased 11%, which included a 7% favorable impact from foreign currency fluctuations. An increase in recurring revenue of 30% and an increase in perpetual and other revenue of 50% (\$2 million) was partially offset by a decrease in consulting revenue of 19%. Segment gross profit as a percentage of revenues was higher primarily due to a higher mix of recurring revenue.

Results of Operations for the Six Months Ended June 30, 2021
Compared to the Six Months Ended June 30, 2020

Revenue

In millions	2021	% of Revenue	2020	% of Revenue
Recurring	\$ 748	76.2 %	\$ 634	71.2 %
Perpetual software licenses, hardware and other	40	4.1 %	48	5.4 %
Consulting services	194	19.7 %	209	23.4 %
Total revenue	\$ 982	100.0 %	\$ 891	100.0 %

Total revenue increased \$91 million, or 10%, in the first six months of 2021 and included a 3% positive impact from foreign currency fluctuations. Recurring revenue grew 18%, and was positively impacted by a higher base of revenue driven by continued growth in public cloud and subscription ARR during 2020 and continued growth in public cloud ARR in the first six months of 2021. Additionally, on-premises customer transactions involving substantive long-term commitments resulted in revenue being recognized on a recurring annual basis rather than a recurring quarterly basis and drove revenue into the first six months of 2021 from these arrangements versus ratably across four quarters.

Revenues from perpetual software licenses, hardware and other were down 17% in the first six months of 2021, as customers continue to transition to subscription-based offerings, consistent with our overall strategy.

Consulting services revenue decreased 7% in the first six months of 2021, including a 4% positive impact from foreign currency fluctuations, as we are realigning and focusing our consulting resources on higher-margin engagements, both direct engagement with customers and joint engagement with partners that drive increased software consumption within our targeted customer base. Consulting revenue was also impacted by the transition to work from home and shelter-in-place orders that went in effect late in the first quarter of 2020 in response to COVID-19 as well as delays and/or cancellations of consulting projects due to customers' reduced spending in light of COVID-19.

Gross Profit

In millions	2021	% of Revenue	2020	% of Revenue
Recurring	\$ 571	76.3 %	\$ 452	71.3 %
Perpetual software licenses, hardware and other	18	45.0 %	15	31.3 %
Consulting services	28	14.4 %	14	6.7 %
Total gross profit	\$ 617	62.8 %	\$ 481	54.0 %

The increase in recurring revenue gross profit as a percentage of revenue was primarily driven by a higher amount of recurring revenue at an improved gross margin rate driven by improved operating efficiencies of our subscription and cloud offerings partially offset by the higher mix shift to cloud. Upfront revenue recognition of certain renewed and expanded customer arrangements, discussed above, also had a positive impact on recurring revenue gross margin.

The increase in perpetual software licenses, hardware and other gross profit as a percentage of revenue was primarily driven by deal mix and opportunities with lower hardware mix as compared to prior year.

Consulting services gross profit as a percentage of revenue increased as compared to the prior year primarily due to improved resource mix utilization as well as increased revenue realization and our continued strategic focus to improve consulting margins by focusing on higher-value projects. The Company continues to refocus our consulting organization on Vantage-oriented offerings and reduce our footprint in non-core consulting engagements.

Operating Expenses

In millions	2021	% of Revenue	2020	% of Revenue
Selling, general and administrative expenses	\$ 310	31.6 %	\$ 323	36.3 %
Research and development expenses	156	15.9 %	156	17.5 %
Total operating expenses	\$ 466	47.5 %	\$ 479	53.8 %

The SG&A expense decrease was primarily driven by a lower employee cost base resulting from the workforce reduction measures in 2020, lower travel and marketing spend as compared to the prior year pre-pandemic period and continued cost discipline as compared to prior year.

R&D expenses were flat for the first six months of 2021 as compared to prior year. R&D expenses were impacted by an increase in spending focused on accelerating our cloud initiatives as well as higher variable incentive compensation expense, which was offset by a lower employee cost base resulting from the workforce reduction measures initiated in 2020 and continued cost discipline as compared to prior year.

Other Expense, net

In millions	2021	2020
Interest income	\$ 3	\$ 3
Interest expense	(14)	(14)
Other	(9)	(8)
Other expense, net	\$ (20)	\$ (19)

Other expense, net in the second quarter of 2021 and 2020 is comprised primarily of interest expense on long-term debt and finance leases as well as benefit costs associated with our pension and postemployment plans, partially offset by interest income earned on our cash and cash equivalents.

Provision for Income Taxes

The effective tax rate for the six months ended June 30, 2021 and 2020 were as follows:

	2021	2020
Effective tax rate	26.0 %	835.3 %

For the six months ended June 30, 2021, the Company recorded \$4 million of discrete tax benefit, a majority of which related to the excess tax benefits derived from stock-based compensation vesting.

For the six months ended June 30, 2020, the Company recorded \$113 million of discrete tax benefit. The discrete tax expense of \$39 million recorded in the second quarter of 2020 described above was offset by \$152 million of discrete tax benefit recorded in the first quarter of 2020, a majority of which related to the transfer of intra-entity IP. As a result, the Company recorded income tax benefit of \$142 million on a pre-tax loss of \$17 million for the six months ended June 30, 2020, resulting in an effective income tax rate of 835.3%.

Revenue and Gross Profit by Operating Segment

The following table presents segment revenue and segment gross profit for the Company for the Six Months Ended June 30:

In millions	2021	% of Revenue	2020	% of Revenue
Segment revenue				
Americas	\$ 537	54.7 %	\$ 503	56.5 %
EMEA	275	28.0 %	236	26.5 %
APJ	170	17.3 %	152	17.1 %
Total segment revenue	<u>\$ 982</u>	<u>100 %</u>	<u>\$ 891</u>	<u>100 %</u>
Segment gross profit				
Americas	\$ 367	68.3 %	\$ 305	60.6 %
EMEA	168	61.1 %	128	54.2 %
APJ	98	57.6 %	71	46.7 %
Total segment gross profit	<u>\$ 633</u>	<u>64.5 %</u>	<u>\$ 504</u>	<u>56.6 %</u>

Americas

Americas revenue increased 7% as compared to the prior year. Recurring revenue was up 13% and perpetual software licenses, hardware and other revenue was down 45%. Consulting revenue decreased 10% as compared to the prior year. Segment gross profit as a percentage of revenues was higher primarily due to an overall higher mix of recurring revenue.

EMEA

EMEA revenue increased 17%, which included a 7% favorable impact from foreign currency fluctuations. The overall increase in revenue included an increase of 26% in recurring revenue and a 1% increase in consulting revenue partially offset by a 5% decrease in perpetual software licenses, hardware and other revenue. Segment gross profit as a percentage of revenues was higher primarily due to a higher mix of recurring revenue.

APJ

APJ revenue increased 12%, which included a 8% favorable impact from foreign currency fluctuations. An increase in recurring revenue of 28% and perpetual software licenses, hardware and other revenue increase of 29% was partially offset by a decrease in consulting revenue of 14%. Segment gross profit as a percentage of revenues was higher primarily due to a higher mix of recurring revenue.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities was \$335 million, which increased by \$195 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase in cash provided by operating activities was primarily due to increased net income (net of non-cash items such as depreciation and amortization, stock-based compensation expense and deferred income taxes), strong cash collections and favorable working capital dynamics. Teradata used approximately \$30 million of cash in the first six months of 2021 for reorganizing and restructuring its operations and go-to-market functions to align to its strategy, as compared to \$21 million in the first six months of 2020.

Teradata's management uses a financial measure called "free cash flow," which is not a measure defined under GAAP. We use free cash flow (which we define as net cash provided by operating activities less investing activities related to capital expenditures for property and equipment and additions to capitalized software) as one measure of assessing the financial performance of the Company, and this may differ from the definitions used by other companies. The components that are used to calculate free cash flow are GAAP measures taken directly from the Condensed Consolidated Statements of Cash Flows (Unaudited). We believe that free cash flow information is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash available after capital expenditures, for among other things, investments in the Company's existing businesses, strategic acquisitions and repurchases of Teradata common stock. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities under GAAP.

The table below shows net cash provided by operating activities and net cash used in investing activities related to capital expenditures, along with free cash flow, for the following periods:

In millions	Six Months Ended June 30,	
	2021	2020
Net cash provided by operating activities	\$ 335	\$ 140
Less:		
Expenditures for property and equipment	(9)	(23)
Additions to capitalized software	(2)	(4)
Free cash flow	\$ 324	\$ 113

Financing activities and certain other investing activities are not included in our calculation of free cash flow. There were no other investing activities for the six months ended June 30, 2021 and 2020.

Teradata's financing activities for the six months ended June 30, 2021 and 2020 primarily consisted of cash outflows for share repurchases and payments on the Company's finance leases and long-term debt. At June 30, 2021, the Company had no outstanding borrowings on its \$400 million revolving credit facility entered into in June 2018 (the "Credit Facility"). The Company repurchased approximately 3.4 million shares of its common stock at an average price per share of \$35.31 in the six months ended June 30, 2021, and 3.7 million shares at an average price per share of \$20.52 in the six months ended June 30, 2020 under the two share repurchase programs that were authorized by our Board of Directors. The first program (the "dilution offset program") allows the Company to repurchase Teradata common stock to the extent of cash received from the exercise of stock options and the Teradata Employee Stock Purchase Plan ("ESPP") to offset dilution from shares issued pursuant to these plans. On July 28, 2019, Teradata's Board of Directors authorized an additional \$500 million to be utilized to repurchase Teradata common stock under the Company's second share repurchase program (the "general share repurchase program"). As of June 30, 2021, the Company had \$321 million of authorization remaining under this program to repurchase outstanding shares of Teradata common stock. Share repurchases made by the Company are reported on a trade date basis. Our share repurchase activity depends on factors such as our working capital needs, our cash requirements for capital investments, our stock price, and economic and market conditions.

Proceeds from the ESPP and the exercise of stock options, net of tax, were \$18 million for the six months ended June 30, 2021 and \$6 million for the six months ended June 30, 2020. These proceeds are included in other financing activities, net in the Condensed Consolidated Statements of Cash Flows (Unaudited).

Our total cash and cash equivalents held outside the United States in various foreign subsidiaries was \$463 million as of June 30, 2021 and \$342 million as of December 31, 2020. The remaining balance held in the United States was \$221 million as of June 30, 2021 and \$191 million as of December 31, 2020. The Company considers a majority of its foreign earnings will be repatriated to the United States. Effective January 1, 2018, the United States moved to a territorial system of international taxation, and as such will generally not subject future foreign earnings to United States taxation upon repatriation in future years.

Management believes current cash, cash generated from operations and the \$400 million available under the Credit Facility will be sufficient to satisfy future working capital, research and development activities, capital expenditures, pension contributions, and other financing requirements for at least the next twelve months. The Company principally holds its cash and cash equivalents in bank deposits and highly-rated money market funds.

The Company's ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described in the 2020 Annual Report and elsewhere in this Quarterly Report on Form 10-Q. If the Company is unable to generate sufficient cash flows from operations, or otherwise comply with the terms of the Credit Facility or its term loan agreement, the Company may be required to seek additional financing alternatives.

Long-term Debt. There has been no significant change in our long-term debt as described in the 2020 Annual Report. Our long-term debt is discussed in Note 10 of Notes to Condensed Consolidated Financial Statements (Unaudited).

Contractual and Other Commercial Commitments. There has been no significant change in our contractual and other commercial commitments as described in the 2020 Annual Report. Our commitments and contingencies are discussed in Note 8 of Notes to Condensed Consolidated Financial Statements (Unaudited).

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. In connection with the preparation of these financial statements, we are required to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosure of contingent liabilities. These assumptions, estimates and judgments are based on historical experience and assumptions that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. Our critical accounting policies are those that require assumptions to be made about matters that are highly uncertain. Different estimates could have a material impact on our financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions or circumstances. Our management periodically reviews these estimates and assumptions to ensure that our financial statements are presented fairly and are materially correct. We assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to us as of June 30, 2021 and through the date of this report. The accounting matters assessed included, but were not limited to, our allowance for doubtful accounts, stock-based compensation, the carrying value of our goodwill and other long-lived assets, financial assets, valuation allowances for tax assets and revenue recognition.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require significant management judgment in its application. There are also areas in which management's judgment in selecting among available alternatives would not produce a materially different result. The significant accounting policies and estimates that we believe are the most critical to aid in fully understanding and evaluating our reported financial results are discussed in the 2020 Annual Report. Teradata's senior management has reviewed these critical accounting policies and related disclosures and determined that there were no significant changes in our critical accounting policies in the six months ended June 30, 2021.

New Accounting Pronouncements

See discussion in Note 2 of Notes to Condensed Consolidated Financial Statements (Unaudited) for new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have not been any material changes to the market risk factors previously disclosed in Part II, Item 7A of the 2020 Annual Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Teradata maintains a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including, as appropriate, the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material adverse impact to our internal controls over financial reporting as a result of most of our employees working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this Part II, Item 1 is incorporated by reference to Note 8, Commitments and Contingencies—Legal Proceedings of the Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have not been any material changes to the risk factors previously disclosed in Part I, Item 1A of the 2020 Annual Report, as updated by Part II, Item 1A in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Company Common Stock

From time to time, the Company's Section 16 officers sell to the Company shares of the Company's common stock received upon vesting of restricted share units at the current market price to cover their withholding tax obligations. For the six months ended June 30, 2021, the total of these purchases was 281,036 shares at an average price of \$38.35 per share.

The following table provides information relating to the Company's share repurchase programs for the six months ended June 30, 2021:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Dilution Offset Program ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced General Share Repurchase Program ⁽²⁾	Maximum Dollar Value that May Yet Be Purchased Under the Dilution Offset Program	Maximum Dollar Value that May Yet Be Purchased Under the General Share Repurchase Program
January 2021	1,131,893	\$ 25.18	54,817	1,077,076	\$ 799,586	\$ 389,254,180
February 2021	318,878	\$ 31.49	100,000	218,878	\$ 15,944,217	\$ 383,254,259
March 2021	1,137,133	\$ 41.08	377,814	759,319	\$ 3,379,199	\$ 351,832,159
First Quarter Total	2,587,904	\$ 32.94	532,631	2,055,273	\$ 3,379,199	\$ 351,832,159
April 2021	488,434	\$ 42.99	94,986	393,448	\$ 1,767,405	\$ 334,833,096
May 2021	358,859	\$ 41.89	30,979	327,880	\$ 1,954,604	\$ 321,236,126
June 2021	—	\$ —	—	—	\$ 4,074,322	\$ 321,236,126
Second Quarter Total	847,293	\$ 42.52	125,965	721,328	\$ 4,074,322	\$ 321,236,126

(1) The dilution offset program allows the Company to repurchase Teradata common stock to the extent of cash received from the exercise of stock options and purchases under the ESPP to offset dilution from shares issued pursuant to these plans.

(2) The general share repurchase program authorized by the Board allows the Company to repurchase outstanding shares of Teradata common stock. Share repurchases made by the Company are reported on a trade date basis. On July 28, 2019, Teradata's Board of Directors authorized an additional \$500 million to be utilized to repurchase Teradata common stock under this share repurchase program. The general share repurchase program expires on July 27, 2022.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information.

None

Item 6. Exhibits.

**Reference Number
per Item 601 of
Regulation S-K**

Description

<u>3.1</u>	<u>Amended and Restated Certificate of Incorporation of Teradata Corporation as amended and restated on September 24, 2007 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated September 25, 2007 (SEC file number 001-33458)).</u>
<u>3.2</u>	<u>Amended and Restated By-Laws of Teradata Corporation, as amended and restated on July 26, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated August 1, 2016).</u>
<u>4.1</u>	<u>Common Stock Certificate of Teradata Corporation (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q dated November 13, 2007 (SEC file number 001-33458)).</u>
<u>10.1*</u>	<u>Offer Letter from Teradata Corporation to Claire Bramley dated May 18, 2021.</u>
<u>10.2*</u>	<u>Restricted Share Unit Agreement (Graded Vesting) Inducement Grant to new CFO.</u>
<u>10.3*</u>	<u>Executive Severance Plan Participation Agreement to new CFO.</u>
<u>10.4*</u>	<u>Teradata 2012 Stock Incentive Plan (Amended and Restated as of March 1, 2021) (incorporated by reference from Appendix A to the Proxy Statement of Teradata Corporation filed with the SEC on March 18 2021).</u>
<u>10.5*</u>	<u>Teradata Employee Stock Purchase Plan (Amended and Restated as of February 1, 2021) (incorporated by reference from Appendix B to the Proxy Statement of Teradata Corporation filed with the SEC on March 18, 2021).</u>
<u>10.6*</u>	<u>Amendment to Offer Letter between Kathy Cullen-Cote and the Company dated July 30, 2021.</u>
<u>31.1</u>	<u>Certification pursuant to Rule 13a-14(a), dated August 6, 2021.</u>
<u>31.2</u>	<u>Certification pursuant to Rule 13a-14(a), dated August 6, 2021.</u>
<u>32</u>	<u>Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 6, 2021.</u>
101	Inline interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Statements of Income (Loss) for the three and six months period ended June 30, 2021 and 2020, (ii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months period ended June 30, 2021 and 2020, (iii) the Condensed Consolidated Balance Sheets at June 30, 2021 and December 31, 2020, (iv) the Condensed Consolidated Statements of Cash Flows for the six months period ended June 30, 2021 and 2020, (v) the Condensed Consolidated Statements of Changes in Stockholders' Equity for the six months period ended June 30, 2021 and 2020 and (vi) the Notes to Condensed Consolidated Financial Statements.
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Management contract or compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TERADATA CORPORATION

Date: August 6, 2021

By: /s/ Claire Bramley
Claire Bramley
Chief Financial Officer



PERSONAL AND CONFIDENTIAL

May 18, 2021

Claire Fullard

Dear Claire,

I am very pleased to extend you this offer of employment with Teradata Corporation and its affiliates ("Teradata" or the "Company") as Chief Financial Officer, based in Santa Clara, California, and reporting to Steve McMillan, President and Chief Executive Officer, subject to the conditions set forth below.

This letter outlines the key elements of your compensation and related arrangements.

Base Salary: You shall receive a base salary of \$500,000 on an annualized basis, less applicable taxes and withholdings, which would be paid on the Company's normal bi-weekly payroll schedule and subject to change upon mutual agreement (other than a base salary reduction that is applied across-the-board to the Company's Section 16 officers).

Management Incentive Plan: You will be eligible to participate in Teradata's Management Incentive Plan (the "MIP"), a performance-based annual incentive program for executive officers. Under the MIP, the Compensation and Human Resource Committee of the Board (the "Committee") establishes an annual bonus program based upon financial and/or strategic performance results achieved by Teradata, as well as each eligible employee's individual performance against their business objectives. Your MIP target incentive opportunity shall equal 80% of your eligible gross base salary, which would bring your total targeted annual compensation opportunity to \$900,000. The period of your eligibility under the MIP will begin upon your start date of employment. The first plan year of your incentive opportunity will be pro-rated based on the time you are active in the plan year. Incentive awards are subject to discretionary adjustment by the Committee as outlined in the MIP and, if earned, are paid in the first calendar quarter following the program year. No MIP award is guaranteed. The MIP is subject to amendment by Teradata in accordance with the terms of the plan.

Annual Equity Award (Performance-Based / Restricted Share Units): You will be eligible to participate in Teradata's annual equity award program for executive officers. Annual awards are typically determined by the Committee and granted in the first quarter of each year and are generally comprised of a mixture of performance-based restricted share units ("PBRsUs") and service-based restricted share units ("RSUs"). The precise nature of the award and vesting schedules will be determined by the Committee together with the other independent members of the Board in its discretion.

Your annual equity award for 2021 shall have a target value of \$2,500,000 (the "2021 Equity Award"). The actual number of shares for your 2021 Equity Award will be determined by dividing the target value by the preceding 20-day average of Teradata's common stock prior to, but not including, the effective date of the award. The 2021 Equity Award shall be effective the first business day following your hire date and be allocated

60% to PBRsUs (subject to a three (3)-year performance period commencing January 1, 2021 and achievement of the same goals applicable to other senior executives of Teradata) and 40% to RSUs (vesting in three (3) equal annual installments). The 2021 Equity Award will be governed by the terms and conditions of the Teradata 2012 Stock Incentive Plan, as amended ("Plan") and your PBRsU and RSU equity award agreements, which you will be required to accept in connection with the award. In addition, for avoidance of doubt, Teradata's standard practice with respect to the settlement of PBRsU awards is to distribute any vested shares earned in connection with such awards promptly after the performance achievement is certified by the Committee in the first quarter following the end of the applicable performance period.

New Hire Grant Restricted Stock Unit Award: Teradata shall award you a one-time grant of service-based RSUs (the "New Hire Grant") with a target value of \$3,500,000. The actual number of RSUs for your New Hire Grant will be determined by dividing the target value by the preceding 20-day average of Teradata's common stock prior to, but not including, the effective date of the grant. The New Hire Grant would be effective the first business day following your hire date, and the RSUs will vest as follows: (i) 50% in December 2021, (ii) 30% on the first anniversary of the date of grant, and (iii) the remaining 20% on the second anniversary of the date of grant, in each case subject to your continued employment with Teradata and subject to the other terms and conditions set forth in your RSU equity award agreement. The New Hire Grant will be governed by the terms and conditions of the Plan and your RSU equity award agreement, which you will be required to accept in connection with the award.

Cash Signing Bonus: You will receive a one-time cash signing bonus in the amount of \$500,000, minus applicable taxes and withholdings, which shall be payable to you in the first payroll cycle after you have completed thirty (30) days of continuous and satisfactory employment with Teradata.

If, after receipt of your signing bonus, your employment is terminated for Cause (as defined in the Plan) or if you terminate your employment for any reason other than Good Reason (as defined below) within twelve (12) months of your first day of employment with Teradata, you agree to repay \$250,000 (net of taxes) of the signing bonus, and Teradata may withhold these sums from any compensation otherwise due to you. If your employment is terminated for Cause (as defined in the Plan) or if you terminate your employment for any reason other than Good Reason (as defined below) between twelve (12) and twenty-four (24) months of your first day of employment with Teradata, you agree to repay \$125,000 (net of taxes) of the signing bonus, and Teradata may withhold these sums from any compensation otherwise due to you.

"Good Reason" means the occurrence of any of the following events without your prior written consent in the event they are not remedied by the Company within thirty (30) days after receipt of written notice thereof given by you to the Company's Chief Legal Officer: (a) a material reduction in your authority, duties and responsibilities, excluding for this purpose any isolated, insubstantial and inadvertent action not taken in bad faith; (b) any reduction in your annual base salary (other than a base salary reduction that is applied across-the-board to the Company's Section 16 officers); (c) the failure to pay annual or long-term incentive compensation to which you are otherwise entitled under the terms and conditions of the applicable Company incentive plan, at the time at which such compensation is otherwise payable in the ordinary course of business or as soon thereafter as administratively feasible; (d) a reduction of five percent (5%) or more in your "target" or "maximum" annual or long-term incentive opportunity (other than any such reduction that is applied across-the-board to the Company's Section 16 officers); (e) the failure by the Company to continue in effect any equity compensation plan in which you participate, unless a substantially equivalent alternative compensation arrangement (embodied in an ongoing substitute or alternative plan) has been provided to you, or the failure by the Company to continue your participation in any such equity compensation plan on substantially the same basis, in terms of the level of your participation relative to other participants, excluding for this purpose any isolated, insubstantial and inadvertent action not taken in bad faith; or (f) except as required by law, the failure by the Company to continue to provide to you employee benefits substantially equivalent, in the aggregate, to those enjoyed by you under the qualified and nonqualified employee benefit and welfare plans of the Company, including, without limitation, the life insurance, medical, dental, health and accident, disability retirement, and savings plans, other than a reduction of such benefits, in the aggregate, of less than 5% of aggregate value of such benefits.

Stock Ownership Guidelines: The Chief Financial Officer position is subject to Teradata's Stock Ownership Guidelines holding requirement as established by the Committee, currently 3x annual base pay for Executive Officers, which are subject to change from time to time at the Committee's discretion.

Executive Severance Plan and Change in Control Plan: You shall participate as a Level I participant in the Teradata Executive Severance Plan (the "ESP") and participate in the Teradata Change in Control Plan (the "CIC"). You shall be designated by the Committee as an eligible participant in both plans effective upon your start date of employment with Teradata; however, each plan is subject to amendment or termination by Teradata in accordance with the terms of each plan, and your participation in the ESP is subject to your signing a participation agreement under the ESP. Your participation agreement under the ESP shall provide that upon a Qualified Termination (as defined in the ESP), in addition to any applicable vesting provided for under Section 4(b)(v) of the ESP or the applicable award agreement, and subject to the terms and conditions of the ESP, with respect to any outstanding but unvested RSUs (but not PBRsUs), you will be treated as having attained age 55 at the time of your termination of employment for purposes of determining the vesting of such awards under Section 4(b)(v) of the ESP. A copy of each plan, as well as the participation agreement for the ESP reflective of the provisions of this offer letter, will be provided to you under separate cover.

Travel Allowance: Because you will be traveling to Teradata's office in San Diego from time to time, you will be eligible to receive a gross monthly allowance of \$7,500 to cover the cost of lodging, car rental or ride services (the "Allowance"). Airfare to/from the San Diego office will be treated as a business expense and reimbursed according to Teradata's Travel and Expense policy. Notwithstanding anything to the contrary in the Company's Travel and Expense Policy, in connection with any travel to/from the San Diego office, you will be permitted to fly business class (or first class if there is no business class on the applicable flight). The Allowance shall be treated as taxable compensation to you but shall not be considered a part of your normal or expected compensation for purposes of calculating severance payments, bonuses, long-service awards or retirement benefits or similar payments. The Company shall have no other obligation to reimburse you for any costs related to these expenses, nor will it assume any liability for lease agreements should you wish to lease an apartment. The Allowance may be revisited by the Committee on an annual basis.

Travel: Any business-related travel (other than as set forth above with respect to travel to/from the Company's San Diego office) will be reimbursed as a Company business expense. Such expenses include the cost of airfare, lodging, and a rental car or ride services. Travel expenses will be reimbursed upon receipt, in accordance with the Company's Travel and Expense Policy. In addition, in connection with any such business travel for the Company, notwithstanding anything to the contrary in the Company's Travel and Expense Policy, you will be permitted to fly business class (or first class if there is no business class on the applicable flight) for flights of any duration whether internationally or domestically.

Benefits: As an employee of the Company, you will be eligible to participate in the standard benefit plans offered to similarly situated employees by Teradata, subject to plan terms and generally applicable company policies. Teradata may change its benefit programs from time to time in its discretion.

Indemnification and D&O Coverage: The Company shall indemnify you to the full extent provided for in its corporate certificate of incorporation, bylaws or any other indemnification policy or procedure as in effect from time to time and applicable to its other directors and officers and to the maximum extent that the Company indemnifies any of its other directors and officers, and you will be entitled to the protection of the insurance policies the Company maintains generally for the benefit of its directors and officers against all costs, charges, liabilities and expenses incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of you being or having been a director, officer or employee of the Company or any of its affiliates or you serving or having served any other enterprise, plan or trust as a director, officer, employee or fiduciary at the request of the Company or any of its affiliates (other than any dispute, claim or controversy arising under or relating to this letter) pursuant to the terms and conditions of such policies.

Legal Fee Reimbursement: The Company agrees to reimburse you for reasonable attorney's fees associated with legal review of this letter in an amount up to \$10,000, upon receipt of invoice(s) for such fees.

By accepting an offer of at-will employment, you must agree to the Conditions of Employment outlined in Attachment A, including but not limited to the restriction of disclosure of any trade secret or confidential/proprietary information during your employment at Teradata, satisfactory outcome of background and reference checks, and proof of identity and legal authorization to work.

Upon commencement of your employment, this letter, together with Attachment A and your Employee Confidential Information and Inventions Assignment Agreement, forms the complete and exclusive statement of your employment agreement with Teradata. It will supersede any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to Teradata's discretion in this letter, require a written modification signed by you and an officer of Teradata.

The terms of this letter are confidential, and accordingly you agree not to disclose the existence or the specific terms of this letter, including your election as Chief Financial Officer, to anyone other than (i) the members of your immediate family, (ii) your legal and financial advisors, as needed, (iii) those members of the Company's Human Resources department and the Company's management specifically responsible for this letter, (iv) any other person with the prior written consent of a duly authorized officer of Teradata, and (v) as required by law; provided, however, in each such case (except when making a disclosure pursuant to (iii)), you shall inform the recipient(s) of the information of its confidential nature and require that they keep such information confidential. The foregoing sentence shall cease to apply upon the Company's first public announcement of your election as Chief Financial Officer.

Claire, we are excited to provide this offer and look forward to the continued contributions you will bring to Teradata; I hope you share this enthusiasm. This offer assumes a start date of June 14, 2021, unless otherwise mutually agreed.

If you have any questions regarding the details of this offer, please do not hesitate to contact me. Sincerely,

TERADATA CORPORATION

By: /s/ Steve McMillan Steve McMillan
President & Chief Executive Officer

ACCEPTANCE:

I accept the offer of employment by Teradata Corporation on the terms described in this letter.

/s/ Claire Fullard
Claire Fullard
Date: 2021 May 18

ATTACHMENT A CONDITIONS OF EMPLOYMENT

Teradata requires employment candidates to successfully complete various employment documentation and processes. This offer of employment is conditioned upon your satisfying and agreeing to the criteria outlined below. You agree to assist as needed and to complete any documentation at the Company's request to meet these conditions. You assume any and all risks associated with terminating any prior or current employment or making any financial or personal commitments based upon Teradata's conditional offer.

Pre-employment Background and Reference Checks: This offer of employment is conditioned upon successful completion of a background and reference checks. By accepting this offer and these conditions you will agree to provide Teradata permission to conduct both of these checks and release the results to Teradata designated officials. Following acceptance of the offer you will receive an e-mail with the subject Action Required to Complete Background Check for Teradata Employment with a link to initiate the background check process. Please submit your information within three days of receipt of the link.

U.S. Employment Eligibility: As required by federal law, you must provide satisfactory proof of your right to work in the United States. You will be required to complete an I-9 form and submit acceptable documentation (as noted in the I-9 form) verifying your identity and work authorization within three (3) days of your employment start date.

Confidential Information: You must read, execute, and agree to abide by Teradata's Employee Confidential Information and Invention Assignment Agreement, which prohibits unauthorized use or disclose of Teradata's proprietary information, among other obligations.

Mutual Agreement to Arbitrate: You must read, execute, and agree to abide by Teradata's Mutual Agreement to Arbitrate all Employment Related Claims, which provides for final and binding arbitration of any unresolved employment-related disputes that may arise between you and Teradata.

Code of Conduct & Conflicts of Interest Certifications: You agree to read and abide by Teradata's Code of Conduct and to disclose in writing all actual and potential conflicts of interest which pertain to you. Teradata's Code of Conduct, which includes the contact information for Teradata's Ethics Helpline, will be provided to you on your first day of employment, and can also be accessed here: <https://assets.teradata.com/pdf/Code-ofConduct.pdf>. You will be required to take Teradata's Code of Conduct training and certify in writing your commitment to reading and complying with the Code of Conduct and disclosing all conflicts in interest no later than thirty (30) days after your employment start date. An email with a link to the training will be sent you on or shortly after your start date of employment.

No Employment Restrictions: By accepting and signing this document, you certify to Teradata that you are not subject to any restrictions by virtue of any prior employment which would preclude or restrict you from performing the position being offered in this letter, such as non-competition, non-solicitation, or other work-related restrictions. This offer is further conditioned upon Teradata confirming that there are no export restrictions applicable to your employment

No Improper Use of Information of Prior Employers and Others: Teradata respects the intellectual property rights of other companies. You should not bring with you to your Teradata position any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality, nor in any other way disclose or use such information while employed by Teradata. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by Teradata. Your managers and colleagues will be instructed to not accept any such confidential information of another company, and you will be subject to discipline up to and including termination of employment for disclosure of such information.

Employment At Will: This document reflects the general description of the terms and conditions of your employment with Teradata. Teradata has in place other policies which govern your employment relationship with Teradata, which it may change from time to time in its discretion. Your offer letter, this attachment, and

these policies are not a contract of employment for any definite duration of time. Your employment at Teradata will be "at-will", meaning either you or Teradata have the right to discontinue the employment relationship with or without cause at any time and for any reason whatsoever. Your employment at-will status can only be modified in a written agreement signed by you and by an officer of Teradata.

**Form of Restricted Share Unit Agreement
(Graded Vesting – New-Hire Award)
Under the Teradata 2012 Stock Incentive Plan**

You have been awarded a number of restricted share units (the “Share Units”) under the Teradata 2012 Stock Incentive Plan (the “Plan”), as described on the restricted share unit information page on the website of Teradata’s third-party Plan administrator, subject to the terms and conditions of this Restricted Share Unit Agreement (this “Agreement”) and the Plan. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

1. The Share Units shall vest as follows: 50% on the date that is six months from the date of grant of this award (the “Date of Grant”), 30% on the first anniversary of the Date of Grant, and 20% on the second anniversary of the Date of Grant (each such date a “Vesting Date”), subject to such rounding conventions as may be implemented from time-to-time by the third party Plan administrator, and provided that you are continuously employed by Teradata or any of its affiliate companies (referred to collectively herein as “Teradata”) until each such Vesting Date.

2. If your employment with Teradata terminates prior to a Vesting Date due to (i) your death, or (ii) a disability for which you qualify for benefits under the Teradata Long-Term Disability Plan or another long-term disability plan sponsored by Teradata (“Disability”), then, upon such termination of employment, the remaining unvested Share Units will become fully vested.

If your employment with Teradata terminates prior to a Vesting Date due to your Retirement, then the Compensation & Human Resource Committee of the Teradata Board of Directors (the “Committee”) or its delegate, may in its sole discretion choose to provide that all or any pro rata portion of the Share Units will become vested upon the terms, and subject to the conditions, established by the Committee, including an acceleration of vesting for Share Units for up to one additional year following Retirement. For purposes of this Agreement, “Retirement” means termination by you of your employment with Teradata (for any reason other than termination by Teradata for Cause) at or after age 55.

If your employment with Teradata is terminated prior to a Vesting Date due to a reduction-in-force, then, upon such termination of employment, a pro rata portion of the Share Units will become fully vested. The pro rata portion of the Share Units that will become fully vested will be determined by multiplying (x) the number of unvested Share Units that would have vested on the next Vesting Date had you remained employed with Teradata by (y) a fraction, the numerator of which is the number of full and partial months of employment you completed commencing with the Vesting Date that occurred immediately prior to your termination (or, if none, commencing on the Date of Grant), and the denominator of which is twelve (12) months (subject to such rounding conventions as may be implemented from time-to-time by the third party Plan administrator). For purposes of determining such pro rata vesting of your Share Units, your period of employment with Teradata shall not include any leave of absence, other than an approved leave of absence from which Teradata reasonably expects that you will return to perform services for Teradata. Teradata in its sole discretion determines when an employee’s position is terminated due to a reduction-in-force.

Notwithstanding any provision in this Agreement to the contrary, in the event of a Change in Control, the applicable provisions of Section 20 of the Plan shall govern the treatment of your outstanding Share Units as provided therein.

To the extent that the Share Units are not vested pursuant to Sections 1 and 2 above, then except as may otherwise be provided in a severance plan maintained by Teradata and applicable to you, they shall

be forfeited automatically without further action or notice, if you cease to be employed by Teradata prior to an applicable Vesting Date other than as provided pursuant to this Section 2.

3. Except as may be otherwise provided in this Agreement, when vested, the Share Units will be paid to you within 30 days after each applicable Vesting Date (or such earlier date as the Share Units may become vested pursuant to Section 2 above) in Shares (such that one Share Unit equals one Share).

4. By accepting this award, unless disclosure is required or permitted by Applicable Law, you agree to keep this Agreement confidential and not to disclose its contents to anyone except your attorney, your immediate family, or your financial consultant, provided such persons agree in advance to keep such information confidential and not disclose it to others. The Share Units will be forfeited if you violate the terms and conditions of this Section 4. Notwithstanding the foregoing, nothing contained in this Agreement or any other Teradata agreement, policy, practice, procedure, directive or instruction shall prohibit you from reporting possible violations of federal, state or local laws or regulations to any federal, state or local governmental agency or commission (a "Government Agency") or from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations. You do not need prior authorization of any kind to make any such reports or disclosures and you are not required to notify Teradata that you have made such reports or disclosures. Nothing in this Agreement limits any right you may have to receive a whistleblower award or bounty for information provided to any Government Agency.

5. The Share Units may not be sold, transferred, pledged, assigned or otherwise alienated, except by beneficiary designation, will or by the laws of descent and distribution upon your death. As soon as practicable after the date that the Share Units become vested, Teradata will instruct its transfer agent and/or its third-party Plan administrator to record on your account the number of Shares underlying the number of Share Units to be paid to you in Shares and such Shares will be freely transferable.

6. Any cash dividends declared on the Shares underlying unvested Share Units shall not be paid currently but shall be converted into additional Share Units. Any Share Units resulting from such conversion (the "Dividend Units") will be considered Share Units for purposes of this Agreement and will be subject to all of the terms, conditions and restrictions set forth herein, including the applicable vesting schedule. As of each date that Teradata would otherwise pay the declared dividend on the Shares underlying unvested Share Units (the "Dividend Payment Date") in the absence of the reinvestment requirements of this Section 6, the number of Dividend Units will be determined by dividing the amount of dividends otherwise attributable to the unvested Share Units but not paid on the Dividend Payment Date by the Fair Market Value of Teradata's common stock on the Dividend Payment Date.

7. Teradata has the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of any Share Units, the issuance or sale of Shares, and the receipt of dividends or dividend equivalents, if any, or otherwise in relation to your participation in the Plan, any federal, state, local, foreign or other taxes, social contributions, required deductions, or other payments required by the laws of the United States or any other country to be withheld or paid with respect to the Share Units or related to or resulting from your participation in the Plan ("Tax-Related Items"), and you or your legal representative or beneficiary will be required to pay any such amounts. By accepting this award, you consent and direct that, if you are paid through Teradata's United States payroll system at the time the Share Units are settled, Teradata's stock plan administrator will withhold or sell the number of Shares underlying the Share Units as Teradata, in its sole discretion, deems necessary to satisfy such Tax-Related Items; provided, however, that if Teradata is required to withhold any taxes prior to settlement of the Share Units, then you agree that Teradata may satisfy those withholding obligations by withholding cash

from your compensation otherwise due to you or by any other action as it may deem necessary to satisfy the withholding obligation. In no event shall the fair market value of the Shares of common stock to be surrendered pursuant to this Section 7 to satisfy applicable withholding taxes (as determined by Teradata) exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. If you are paid through a non-United States Teradata payroll system, you agree that Teradata may satisfy any Tax-Related Items by withholding cash from your compensation otherwise due to you or by any other action as it may deem necessary to satisfy the Tax-Related Items. Regardless of any action Teradata or your employer (the "Employer") takes with regards to any Tax-Related Items, you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by Teradata or the Employer. You also agree that you solely are responsible for filing all relevant documentation that may be required of you in relation to this award or any Tax-Related Items, such as but not limited to personal income tax returns or reporting statements in relation to the grant or vesting of this award or the subsequent sale of Shares acquired pursuant to such award and the receipt of any dividends or dividend equivalents.

8. The Share Units shall be subject to Section 19(a) of the Plan in the event that your employment is terminated by Teradata for Cause. This means that, upon termination of your employment for Cause, (a) your Share Units (whether or not vested) will be forfeited automatically and without further action or notice, and (b) to the extent demanded by the Committee in its sole discretion and permitted by Applicable Law, you shall (i) return to Teradata all Shares that you have not disposed of that have been acquired pursuant to this Agreement during the two (2) years prior to the date of your termination of employment, and (ii) with respect to any Shares acquired pursuant to this Agreement during the two (2) years prior to the date of your termination of employment and that you have disposed of, pay to Teradata in cash the Fair Market Value of such Shares, determined as of the date acquired.

9. As a recipient of this equity award, you recognize that you have access to highly confidential, proprietary and non-public information of Teradata and its customers, including strategic plans, customer lists, research and development plans, and other information not made available to the general public and from which Teradata derives value. For purposes of this Agreement, this information is defined as "Trade Secret Information."

To protect Teradata's investment in Trade Secret Information, and in exchange for the Share Units, you agree that the following restrictions will apply during your employment with Teradata and, to the extent permitted by Applicable Law, for a period of twelve (12) months after the date that you cease to be employed by Teradata for any reason (the "Termination Date") (or if Applicable Law mandates a maximum time that is shorter than twelve months, then for a period of time equal to that shorter maximum period):

(a) You will not, without the prior written consent of the Chief Executive Officer of Teradata, render services directly or indirectly to, or become employed by, any Competing Organization of Teradata (as defined in this Section 9 below) to the extent such services or employment involves the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, marketed, serviced or otherwise provided by Teradata to its customers and upon which you worked or in which you participated during the last twelve (12) months of your Teradata employment. (This restriction is specifically intended to protect the value of and Teradata's investment in Trade Secret Information to which you had access as an employee of Teradata). **NOTWITHSTANDING THE FOREGOING, THE RESTRICTION SET FORTH IN THIS SECTION 9(a) SHALL NOT APPLY IF YOU ARE EMPLOYED BY TERADATA IN CALIFORNIA.**

(b) You will not, without the prior written consent of the Chief Executive Officer of Teradata, directly or indirectly recruit, hire, solicit or induce, or attempt to induce, any exempt employee of Teradata to terminate his or her employment with or otherwise cease his or her relationship with Teradata. (This restriction is specifically intended to protect the value of the information you obtained while a Teradata employee regarding the skills, experience and knowledge of Teradata employees, which is Trade Secret Information, and Teradata's investment in developing these employees). **NOTWITHSTANDING THE FOREGOING, THE RESTRICTION SET FORTH IN THIS SECTION 9(b) SHALL NOT APPLY IF YOU ARE EMPLOYED BY TERADATA IN CALIFORNIA.**

(c) You will not, without the prior written consent of the Chief Executive Officer of Teradata, solicit the business of any firm or company with which you worked during the preceding twelve (12) months of employment at Teradata, if such firm or company was a customer of Teradata, by using Teradata Trade Secret Information. (This restriction is specifically intended to protect the value of the identity of Teradata customers, their needs, interests, strategic plans, etc., all of which is Trade Secret Information you acquired as a Teradata employee with access to such information).

If you breach the terms of this Section 9, you agree that in addition to any liability you may have for damages arising from such breach, your Share Units (whether or not vested) will be forfeited automatically and without further action or notice, and, to the extent permitted by Applicable Law, with respect to any Shares acquired pursuant to this Agreement during the twelve (12) months prior to the Termination Date, you agree to pay to Teradata in cash the Fair Market Value of such Shares, determined as of the date acquired.

As used in this Section 9, "Competing Organization" means a person or organization which is engaged in or about to become engaged in research on or development, production, marketing, leasing, selling or servicing of a product, process, system or service which is the same or similar to and competes with a product, process, system or service manufactured, sold, serviced or otherwise provided by Teradata to its customers and is therefore a competitor of Teradata.

10. By accepting this award, you agree that, where permitted by local law, any controversy or claim arising out of or related to this Agreement or your employment relationship with Teradata shall be resolved by first exhausting Teradata's internal dispute resolution process and policy in place when the dispute arose, and then by arbitration pursuant the Mutual Agreement to Arbitrate All Employment Related Claims attached hereto as Exhibit A.

Notwithstanding the preceding subparagraph, you acknowledge that if you breach Section 9, Teradata will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 9 Teradata may, in addition to any other remedies available to it, bring an action in a court of competent jurisdiction for equitable relief to preserve the status quo pending appointment of an arbitrator and completion of an arbitration.

11. You may designate one or more beneficiaries to receive all or part of any Share Units to be distributed in case of your death, and you may change or revoke such designation at any time. In the event of your death, any Share Units distributable hereunder that are subject to such a designation will be distributed to such beneficiary or beneficiaries in accordance with this Agreement. Any other Share Units not designated by you will be distributable to your estate. If there is any question as to the legal right of any beneficiary to receive a distribution hereunder, the Share Units in question may be transferred to your estate, in which event Teradata will have no further liability to anyone with respect to such Share Units.

12. The provisions of this Agreement are severable. If any provision of this Agreement is held to be unenforceable or invalid by a court or other tribunal of competent jurisdiction (including an arbitration tribunal), it shall be severed and shall not affect any other part of this Agreement, which will be enforced as permitted by law.

13. Subject to Section 21 of the Plan, the terms of this award of Share Units as evidenced by this Agreement may be amended by the Teradata Board of Directors or the Committee at any time.

14. The number of Share Units and the number and kind of Shares covered by this Agreement shall be subject to adjustment as provided in Section 15 of the Plan.

15. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail, except that with respect to matters involving choice of law the terms and conditions of Section 10 of this Agreement shall prevail.

16. You shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Share Units until such Shares have been delivered to you in accordance with this Agreement. The obligations of Teradata under this Agreement will be merely that of an unfunded and unsecured promise of Teradata to deliver Shares in the future following vesting of the Share Units, and your rights will be no greater than those of an unsecured general creditor. No assets of Teradata will be held or set aside as security for the obligations of Teradata under this Agreement.

17. The intent of the parties is that payments under this Agreement be exempt from, or comply with, Section 409A of the Code, and this Agreement shall be interpreted, administered and governed in accordance with such intent. In particular, solely to the extent necessary to comply with Section 409A of the Code: (x) a “termination of employment” or words of similar effect shall be deemed to mean a “separation from service” within the meaning of Section 409A of the Code, and (y) payment of any nonqualified deferred compensation to a “specified employee” (as determined under applicable Teradata policy) shall be made no earlier than the first business day that is more than six months after the date of separation from service. Further, notwithstanding anything to the contrary contained in this Agreement, the Committee shall have the right, at any time in its sole discretion, to accelerate the time of a payment under this Agreement to a time otherwise permitted under Section 409A of the Code in accordance with the requirements, restrictions and limitations of Treasury Regulation Section 1.409A-3(j), to the extent applicable.

18. Nothing contained in this Agreement shall confer upon you any right with respect to continuance of employment by Teradata, nor limit or affect in any manner the right of Teradata to terminate your employment or adjust your compensation.

19. By accepting any benefit under this Agreement, you and each person claiming under or through you shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of this Agreement and the Plan and any action taken under this Agreement or the Plan by the Committee, the Board of Directors or Teradata, in any case in accordance with the terms and conditions of this Agreement.

20. Teradata may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Teradata or a third party designated by Teradata. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

21. You hereby explicitly and unambiguously acknowledge and consent to the collection, use and transfer, in electronic or other form, of your Personal Data (as defined below) and any other Share Unit grant materials by and among, as applicable, Teradata, the Employer or third parties as may be selected by Teradata, for the exclusive purpose of implementing, administering and managing your participation in the Plan, enforcing the terms of and exercising their rights under this agreement to which it is a party and that relate directly or indirectly to you, and as necessary to comply with its obligations under Applicable Laws, rules and regulations with respect to your participation in the Plan. You further acknowledge and agree that such collection, storage, processing, use and transfer are for legitimate purposes and are necessary for the operation of the Plan. You understand that refusal or withdrawal of consent will affect your ability to participate in the Plan; without providing consent, you will not be able to participate in the Plan or realize benefits (if any) from the Share Units or any other awards under the Plan.

You understand and acknowledge that Teradata and the Employer or designated third parties may receive, hold, process and transfer certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, employment history, any Shares or directorships held in Teradata, details of all Share Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Personal Data").

You understand that Personal Data may be transferred to any Subsidiary or affiliate or third parties assisting Teradata with the implementation, administration and management of the Plan, or to a successor in interest to the stock, assets or business of Teradata. You understand the recipients of the Data may be located in your country, in the United States, or elsewhere and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. In particular, the Company may transfer Personal Data to the broker or stock plan administrator assisting with the Plan, to its legal counsel and tax and accounting advisor, and to the Employer and its payroll provider.

You should also refer to the Teradata Corporation Global Privacy Policy (which is available to you separately and may be updated from time to time) for more information regarding the collection, use, storage, and transfer of your Personal Data.

EXHIBIT A
TERADATA CORPORATION
MUTUAL AGREEMENT TO ARBITRATE ALL EMPLOYMENT RELATED CLAIMS

Teradata Corporation, including its divisions, subsidiaries and related companies (collectively, “**Teradata**”), believes most employment-related disputes are best resolved through open and honest communication and, when necessary, through the company’s Internal Dispute Resolution Policy (the “**IDR Policy**”), outlined in detail at CMP 706. If a dispute cannot be resolved informally, and given our desire to establish a speedy, impartial and cost-effective way to resolve disputes, the final stage of the IDR Policy provides the unresolved matter will be submitted to final and binding arbitration. This is Teradata’s and my mutual Arbitration Agreement (“**Agreement**”).

This Agreement to arbitrate includes every possible claim, dispute, or cause of action, in law or equity, arising out of or relating in any way to my employment with Teradata or the termination of my employment, to the maximum extent permitted by law, whether asserted during my employment with Teradata or after it has ended, including claims that I or my heirs, successors, administrators, and assigns may have against Teradata or against any of its current and former officers, directors, employees, representatives, contractors, owners, shareholders, or agents in their capacity as such, and all successors and assigns of any of them, or claims that Teradata may have against me (collectively, “**Claims**”).

Claims subject to this Agreement include, but are not limited to, claims pursuant to any federal, state or local law or statute including (without limitation) the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act of 1990, the Family and Medical Leave Act, the Fair Labor Standards Act, the federal Equal Pay Act, the Worker Adjustment and Retraining Notification Act, the Uniform Service Employment and Reemployment Rights Act, the Genetic Information Nondiscrimination Act, the California Fair Employment and Housing Act, the California Labor Code, the California Equal Pay Act, and the California Family Rights Act, all as amended; Claims for wages, overtime, or other compensation due; Claims involving meal and rest breaks; Claims for benefits (except where an employee benefit plan specifies that its claim procedure shall culminate in an arbitration procedure different from this one); Claims for breach of contract or other promise (oral or written, express or implied); Claims for any form of illegal discrimination or harassment under state or federal law; Claims for wrongful termination or discharge (constructive or actual); Claims for violation of any public policy; Claims for improper, unfair, and/or retaliatory treatment or dismissal; and all tort Claims. Claims not covered by this Agreement are claims for workers’ compensation benefits, unemployment compensation benefits, claims governed by ERISA or other claims that, as a matter of law, the parties cannot agree to arbitrate. I understand that while I still have a right to file a charge with a state or federal agency, I will submit the final resolution of any Claim to an arbitrator instead of a court or jury. **Teradata and I acknowledge that, by entering into this Agreement, we both waive the right to resolve any Claims through a trial by jury, in exchange for the benefits of a speedy and less expensive dispute resolution procedure.**

Teradata and I agree that we will resolve our disputes on an individual basis only. Except for representative claims under California’s Private Attorneys General Act, which cannot be waived under applicable law and which are therefore excluded from this Agreement, Teradata and I expressly intend and agree that: (a) class action and representative action procedures are hereby waived and shall not be asserted, nor will they apply, in any arbitration pursuant to this Agreement; (b) we will not assert class action or representative action claims in arbitration or otherwise; and (c) we shall submit only our own, individual Claims in arbitration. The arbitrator may not consolidate more than one person’s Claims and may not otherwise preside over any form

of a representative or class proceeding. This Agreement also prevents me from participating in a class action (existing or future) that is brought by any other party.

The arbitration shall be governed by the Federal Arbitration Act. The hearing will be conducted by the American Arbitration Association (the “AAA”) under the AAA’s then applicable employment arbitration rules (except as those rules are modified by this Agreement) and presided over by a sole arbitrator. The AAA rules are available online at <https://www.adr.org/Rules>. To file a claim, I will only be required to pay the equivalent of the fee to file a complaint in a court of local jurisdiction. Teradata will pay any remaining fees that are specific to arbitration, including the arbitrator’s fees and expenses. However, Teradata and I will each pay our own attorneys’ fees and our own standard litigation costs. If we cannot mutually agree on an arbitrator, the arbitrator will be selected according to the AAA’s rules and procedures. The arbitrator shall have the exclusive authority to rule on any challenge to his or her own jurisdiction or to the validity, enforceability, or formation of any portion of this Agreement to arbitrate.

The arbitration hearing will be held in or near the city where I worked with Teradata, or as otherwise mutually agreed to by me and Teradata. To prepare for the hearing, both Teradata and I have the right to take the sworn deposition statements of two individuals and, in addition, any expert witness expected to testify at the hearing. All documents to be used as exhibits and a list of all potential witnesses will be exchanged at least two weeks in advance of the hearing. No other discovery will be permitted unless the arbitrator finds there is a compelling need to do so and this need outweighs our desire for a quick and inexpensive resolution of the dispute. The arbitrator may consider and grant prehearing dispositive motions as he/she deems appropriate. The arbitrator will make a decision using the substantive law of the state where the claim arose or federal law where applicable. The arbitrator shall: (a) have the same full authority to order relief as would a court or a jury (including but not limited to an award of attorneys’ fees or costs under any applicable statute or written agreement); and (b) issue a written arbitration decision including the arbitrator’s essential findings and conclusions and a statement of the award. The arbitrator’s award may be entered and enforced by any court with jurisdiction.

This Agreement is not an employment contract and does not alter the terms of my at-will employment relationship with Teradata. Our mutual willingness to submit all disputes to arbitration is consideration for this Agreement. As additional consideration, I understand Teradata requires me to sign this Agreement as a condition of the compensation and benefits provided to me now and during my employment with Teradata.

This is the entire Agreement between Teradata and me relating to arbitration and supersedes any other written or oral agreement relating to arbitration, except for the IDR Policy which remains in full force and effect (however, in the event this Agreement and the IDR Policy conflict, this Agreement shall govern). This Agreement to arbitrate shall survive termination of my employment at Teradata. I have had a full opportunity to review this Agreement and I understand and agree to its terms. This Agreement can only be revoked or modified by a writing signed by both me and an officer of Teradata. If any portion of this Agreement is held to be void or unenforceable under any federal, state, or local law, the rest of the Agreement will remain in full force and effect.



EXECUTIVE SEVERANCE PLAN PARTICIPATION AGREEMENT

June 17, 2021

Dear Claire Bramley:

You have been selected to participate in the Teradata Executive Severance Plan (the "Plan"), subject to your execution and return of this agreement (this "Participation Agreement") to Teradata Corporation (the "Company"). The Plan has been adopted by the Company effective as of February 1, 2017, and capitalized terms used without definition in this Participation Agreement have the meaning given to such terms in the Plan.

You have been designated as an Eligible Employee who is eligible to participate in the Plan as a Level I Participant, subject to the terms and conditions of the Plan and this Participation Agreement.

By signing below, the Company and you agree that the Plan shall be modified as set forth below with respect to your participation therein:

1. Section 4(b) of the Plan is amended by deleting Section 4(b)(v) thereof and replacing it with the following:

(v) Equity Awards. Each outstanding equity award of the Company granted to the Participant shall be treated as provided in the applicable Company equity plan and award agreement; provided, however, that, unless the applicable equity plan and award agreement would provide a greater benefit: (i) the Participant shall be entitled to pro-rated vesting of all outstanding service-based and performance-based restricted share unit awards granted by the Company, determined under the pro-ration methodology employed by the Company from time-to-time and, in the case of any performance-based restricted share unit awards for which the applicable performance period has not been completed as of the Date of Termination, subject to actual achievement of the applicable performance goals, as determined by the Committee after the end of the applicable performance period; and (ii) the Participant shall receive an extra year of vesting credit for purposes of calculating the vesting of the Participant's outstanding service-based restricted share units and stock options granted by the Company (but not for purposes of calculating the vesting of the Participant's outstanding performance-based restricted share units granted by the Company).

2. Section 7(f) of the Plan is amended by adding the following sentence to the end thereof:

The Participant shall be reimbursed, in accordance with the Company's Travel and Expense Policy, for all reasonable out of pocket expenses incurred by the Participant in connection with her compliance with this Section 7(f).

3. Paragraph 4 of the Release attached to the Plan as Exhibit C is amended by adding the following language to the end thereof:

However, this Release excludes, and I hereby do not waive, release, or discharge: (A) any obligation of Teradata under the Plan; (B) claims that cannot be waived by law, such as claims for unemployment benefit rights and workers' compensation; (C) indemnification rights that I have against Teradata under applicable corporate law, the by-laws or certificate of incorporation of Teradata, or as an insured under any director's and officer's liability insurance policy now or previously in force; and (D) any rights to

accrued and vested benefits through the date of termination, such as vested retirement benefits, vested but unpaid equity or other incentive awards, or accrued but unpaid salary, the rights to which shall be governed by the terms of the applicable plan, arrangement or agreement.

By signing this Participation Agreement, you hereby acknowledge and agree as follows: (a) that you have read the Plan, including, but not limited to, the provisions contained in Section 7 of the Plan entitled “*Restrictive Covenants*” as amended by this Participation Agreement (the “Restrictive Covenants”); (b) that the Restrictive Covenants are intended to encourage conduct that protects the legitimate business interests of the Company and its subsidiaries and affiliates, including but not limited to protection of Teradata’s Trade Secret Information; (c) that, as a condition to and in consideration of receiving the benefits set forth in the Plan, you hereby agree to be bound by and to comply with the terms and conditions of the Restrictive Covenants; and (d) that you will notify the Company in writing if you have, or reasonably should have, any questions regarding the applicability of the Restrictive Covenants. You further acknowledge that by signing this Participation Agreement, you have thereby willingly agreed to comply with the Restrictive Covenants, and that that you were free to reject this Participation Agreement and all benefits under the Plan with no adverse consequences to your employment with the Company and its Affiliates.

Note that the agreements you make by executing this Participation Agreement will be enforceable against you, regardless of whether or not your employment terminates in circumstances that entitle you to severance benefits under the Plan.

Please note that you are not required to participate in the Plan and may decline participation in the Plan by not returning this Participation Agreement. If you want to accept participation in the Plan, you must execute this Participation Agreement and see that it is returned to the Company’s Executive Compensation Senior Manager, Christie Leitch, via email at Christie.Leitch@teradata.com so that it is received no later than July 2, 2021. This Participation Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

TERADATA CORPORATION

/s/ Traci Mazakas-Corp

By: Traci Mazakas-Corp

Title: VP, Total Rewards & Workforce Enablement

**ACCEPTED AND AGREED BY PARTICIPANT –
CLAIRE BRAMLEY**

Signed: /s/ Claire Bramley

Dated: 2021 June 24



July 30, 2021

Kathy Cullen-Cote

Dear Kathy,

As you know, Teradata has implemented a hybrid/virtual workplace model and revised its travel allowance policy for executives.

As the company moves to a hybrid/virtual workplace model, it is expected that Section 16 Officers who live outside the San Diego area will not be required to work in our San Diego office and their primary work location will be their home office. As a result, you will no longer be expected to relocate to San Diego. Your home office in Massachusetts will be your primary work location and the section of your offer letter dated June 21, 2019 entitled "Relocation" is hereby deleted and no longer effective.

Additionally, the Compensation and Human Resource Committee ("Compensation Committee") of the Teradata Board of Directors has revised the travel allowance for eligible executives. Effective June 1, 2021, because you will be traveling to Teradata's office in San Diego from time to time, you will be eligible to receive a \$6,000 gross monthly allowance, subject to applicable taxes, to cover the cost of lodging, rental car, or ride services. Airfare to/from the San Diego office will be treated as a business expense and reimbursed according to Teradata's Travel and Expense policy. This allowance shall be treated as taxable compensation to you but shall not be considered part of your normal or expected compensation for purposes of calculating severance payments, bonuses, long-service awards, or retirement benefits or similar payments. Teradata shall have no other obligations to reimburse you for any costs related to these expenses, nor will it assume any liability for lease agreements should you wish to lease an apartment. The section of your offer letter entitled "Travel Allowance" is hereby deleted and replaced by the new travel allowance policy. This allowance may be revisited by the Compensation Committee on an annual basis.

If you have any questions as to these terms, please don't hesitate to reach out. Please sign below to indicate your acceptance of these changes to your offer letter and return a copy to me.

Sincerely,

/s/ Traci Mazakas-Corp

Traci Mazakas-Corp
VP, Total Rewards & Workforce Enablement

Agreed and accepted:

/s/ Kathy Cullen-Cote

8-1-21

Kathy Cullen-Cote

Date

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES
EXCHANGE ACT RULE 13a-14**

I, Stephen McMillan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teradata Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date : August 6, 2021

/s/ Stephen McMillan

Stephen McMillan

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES
EXCHANGE ACT RULE 13a-14**

I, Claire Bramley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teradata Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date : August 6, 2021

/s/ Claire Bramley

Claire Bramley
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Teradata Corporation, a Delaware corporation (the “Company”), on Form 10-Q for the period ended June 30, 2021 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification (i) is given to such officers’ knowledge, based upon such officers’ investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

Date: August 6, 2021

/s/ Stephen McMillan

Stephen McMillan

President and Chief Executive Officer

Date: August 6, 2021

/s/ Claire Bramley

Claire Bramley

Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to Teradata Corporation and will be retained by Teradata Corporation and furnished to the United States Securities and Exchange Commission or its staff upon request.