

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

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

For the fiscal year ended December 31, 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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

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 Regulations 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

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

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2021, was approximately \$5.4 billion.

At January 31, 2022, there were 106.1 million shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after registrant's fiscal year end of December 31, 2021 are incorporated herein by reference.

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This report contains trademarks, service marks, and registered marks of Teradata Corporation and its subsidiaries, and other companies, as indicated.

PART I

FORWARD-LOOKING STATEMENTS

Forward-looking statements in our public filings or other public statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other public statements. These forward-looking statements were based on various facts and were derived utilizing numerous important assumptions and other important factors, and changes in such facts, assumptions or factors could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our expected future financial and reporting performance, business strategy and trends, projected plans and objectives, liquidity, financial guidance, capital allocation, including share repurchase plans, and market conditions. Statements preceded by, followed by or that otherwise include the words "believe," "expects," "anticipates," "intend," "project," "estimate," "plan," "increase," "fluctuate," "strive," "looking ahead," "outlook," "guidance," "forecast," "continue," "likely," "potential," "drive," and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. You should understand that the factors described under "Risk Factors" and the following important factors could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- Our ability to timely and effectively execute our strategy, including our initiatives to provide and enhance our offerings for cloud environments;
- Our ability to rapidly and successfully develop and introduce new solutions that include highly advanced technology, and the increased difficulty and complexity associated with producing new offerings with greater capacity, delivery and performance capabilities, which may increase the likelihood of reliability, quality and operability issues;
- The rapidly changing and intensely competitive nature of the information technology ("IT") industry and the analytic data platform business, including the ongoing consolidation activity, new and emerging analytic data technologies and competitors, and pressure on achieving continued price/performance gains for analytic data solutions;
- Fluctuations in our operating results, timing of transactions, customer cancellations or non-renewals of subscription arrangements or support services, unanticipated delays or accelerations in our sales cycles and the difficulty of accurately estimating revenues;
- Risks associated with data privacy, cyberattacks and maintaining secure and effective products for our customers, as well as, internal IT and control systems;
- The impact of global economic fluctuations on the markets in general or on the ability of our suppliers and customers to meet their commitments to us, or the timing of purchases by our current and potential customers, including the potential impacts of the COVID-19 pandemic, inflation, and/or labor availability on global economies; and
- Risks inherent in operating in foreign countries, including the impact of foreign currency fluctuations, economic, political, legal, regulatory, compliance, cultural, public health, and other conditions abroad.

Other factors not identified above, including the risk factors described in the section entitled "Risk Factors" included in this Annual Report on Form 10-K ("Annual Report"), may also cause actual results to differ materially from those projected by our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our reasonable control. We undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.

Item 1. BUSINESS

Overview. Teradata Corporation ("we," "us," "Teradata," or the "Company") is a provider of a leading connected multi-cloud data platform for enterprise analytics, focused on helping companies leverage all their data across an enterprise, at scale. In doing so, we help companies to find answers to their toughest business challenges. All of our

efforts are in support of our purpose of transforming how businesses work and people live through the power of data.

Teradata has broadened its market opportunity by evolving from an on-premises only, enterprise data warehouse company to a provider of a connected multi-cloud, data platform for enterprise analytics. We help our customers integrate and simplify their data and analytics ecosystem, streamline access and management of data, and use analytics to derive business value from diverse data types. Our target market focuses on organizations that are the world's most demanding, large-scale users of data.

The largest companies in the world have spent decades building mission-critical, complex, and large-scale on-premises data environments. However, these companies face significant challenges from ecosystems that have grown over time, including siloed data and conflicting and duplicative solutions, resulting in environments that are highly complex and expensive to maintain and manage. Despite these companies investing heavily in technology, people, and infrastructure, their employees are unable to effectively access the data they need to efficiently run their businesses or activate data to make decisions that will optimize their business outcomes. In addition, most of these organizations are also experiencing a dramatic increase in data volumes and complexity due to digital transformation.

As companies seek greater agility and flexibility demanded by today's digitalized and highly disruptive economy, they are turning to cloud infrastructures. By accessing a data and analytics platform integrated within a cloud-based ecosystem, companies can flexibly access and pay for capabilities on demand while being integrated with the elasticity of cloud. This provides companies the ability to deploy projects and initiatives with agility and expand as needed. Given the petabytes of data and the millions of queries executed daily on-premises, we expect that the journey to cloud will be a significant endeavor for our customers leading to hybrid ecosystems spanning on-premises and cloud for the foreseeable future. With companies pivoting to invest in the cloud, we believe it is essential for these enterprises to be able to integrate ecosystems across on-premises and multi-cloud environments, simplify access to data wherever it resides, and accommodate analytics at massive scale and speed. As a result, we believe that the market for our solutions and services is large and growing.

Our solution, Teradata Vantage™, is our data platform that allows companies to leverage all of their data across an enterprise, whether in public or private clouds, on-premises, or in a multi-cloud environment. It is designed to connect multiple sources of data to drive ecosystem simplification, deliver multi-dimensional scale and integration, and support customers on their journey to the cloud through an integrated migration. Teradata is a leader in enabling the migration of a company's data to a cloud based ecosystem by running the same software platform in all deployments (on-premises or cloud), providing software license portability, data and workload automation tools, as well as associated services.

Teradata Vantage also contains a secure, highly concurrent and resilient analytics engine that addresses the scalability demands of our target market, the global 10,000 enterprises. Vantage is an open platform offering full integration of datasets, tools, analytical languages and functions, including leading commercial and open source technologies. Teradata offers flexible purchase options for customers, via subscription offerings, or "pay for what you use" consumption pricing. These combined capabilities enable companies to reduce complexity, risk, and cost, while leveraging data as an asset in solving their business challenges and driving business outcomes, which can include, among other things:

- Digital identity management,
- Financial visibility,
- Resilient supply chains,
- Fraud prevention, and
- Operational resilience.

Our business consulting services include a broad range of offerings, including support for organizations to establish a data and analytics vision, enable a multi-cloud ecosystem architecture, and identify and operationalize analytical opportunities to ensure their ecosystem investments deliver significant value. In addition, we offer robust support and maintenance services for our offerings.

Teradata operates from numerous locations within the United States with the primary locations being San Diego, California and Atlanta, Georgia. In addition, we have sales, services, research and development, and administrative offices located in 32 countries.

For the calendar year ended December 31, 2021, we had total revenues of \$1.917 billion, of which approximately 54% was derived from the Americas region (North America and Latin America) and 46% from the International regions (Europe, Middle East, Africa, Asia Pacific and Japan). For financial information about our segments and geographic information, see "*Note 14-Segment, Other Supplemental Information and Concentrations*" in the Notes to Consolidated Financial Statements in this Annual Report.

History. Teradata originated as a startup in a garage in Brentwood, California, and was incorporated in 1979 as a Delaware corporation, driven by the need for robust computing power to harness the value of aggregated data. After being acquired, Teradata eventually was spun off and became a publicly-traded company named Teradata Corporation (NYSE: TDC) on September 30, 2007.

Industry and Market Opportunity. Our view is that data and analytics continue to be a management priority for industry-leading companies. We believe that companies are facing significant ongoing increases in data volumes and proliferation of data silos. Furthermore, the agility provided by cloud-based technologies provides significant benefit, but also creates additional complexity, with the rise of ecosystems that must span multiple cloud and on-premises environments. These factors all contribute to the increased complexity, cost, and risk associated with managing data and analytic environments. This is particularly true for our target market of global enterprise companies, and we believe that these companies require tightly integrated solutions that can accommodate significant scale and speed. We are focused on both new customer acquisition as well as growth of software consumption within our large and established customer base.

As described in more detail below, we believe Teradata's strategy positions us to address this large market opportunity within the growing multi-billion dollar data management and analytics markets. We believe our connected data platform will lead to reduced risk and cost for enterprises while enabling data insights and meaningful business value from analytics. We also believe our experience positions us to support these companies with the design and implementation of next generation secure, multi-cloud data and analytics ecosystems. We have tailored Teradata's offerings to provide flexibility and choice of deployment environments, whether on-premises or in one of the top public clouds, alongside portability of licenses, allowing companies to de-risk their investments.

Our Strategy. Teradata's strategy is based on our differentiated value proposition for the top 10,000 largest enterprises in the world. Our strategy is to provide a multi-cloud data platform, Teradata Vantage. Teradata Vantage is a scalable, secure, highly concurrent and resilient data platform that is designed to help companies solve complex data challenges at scale. We provide a data management solution that enables enterprises to support their data and analytic ecosystems, and easily grow and scale. Furthermore, as demand shifts to the cloud, we provide customers with the ability to migrate their on-premises data environment to a cloud-based platform.

We believe we are differentiated by providing our platform offering across a secure, multi-cloud ecosystem. This includes the ability to simplify the management of an ecosystem that spans on-premises or private cloud platform instances, alongside deployments in any of the top public cloud offerings including Amazon Web Services ("AWS"), Microsoft Azure, and Google Cloud. Furthermore, we augment these offerings with our "pay as you go" consumption pricing to provide flexibility for customers to expand capabilities on an as-needed basis. The multi-cloud capability and consumption pricing combine to enable our customers to de-risk their investments and buying decisions, as well as provide public cloud vendor flexibility. With cloud elasticity and our multi-dimensional scalability, customers can quickly grow their analytics to scale to provide robust business outcomes.

As customers increasingly grow their footprint in cloud, our strategy supports existing and new on-premises customers on that journey with the fastest path to migration that is enabled through license portability, the same software enabled whether on-premises or in the cloud, a data fabric that connects all environments, as well as data and workload migration tools and services. Through this differentiated set of offerings for our target market, we help customers build for the future, now.

By prioritizing the fundamental capabilities of a modern multi-cloud data platform, we strive to reset expectations and market perceptions as to our cloud capabilities. We offer a competitive and compelling total cost of ownership

by building out best-in-class capabilities that are designed to provide an easy experience for ingestion, exploration, development, consumption and operationalization of data and analytics. With an outstanding user experience and the flexibility of cloud, we are attracting new customers to grow from start, to enterprise scale, as well as migrating our existing customers to the extent they are ready to do so and at the pace they desire.

Furthermore, with increasingly fragmented ecosystems consisting of multiple data inputs, our strategy drives an open platform approach, enabling integration into cloud and partner ecosystems. This integration extends the data and analytical capabilities of our offerings, allowing our customers greater flexibility to leverage the tools of their choice, deployed on top of a scalable and robust data platform. By empowering customers and partners to build how they like, we believe that we enable hundreds of business outcomes and solutions.

Our strategic objectives are to:

- Strengthen our multi-cloud data platform offering by building out next generation cloud capabilities;
- Reset market perceptions to establish Teradata's position in the cloud market;
- Enable end-to-end business outcomes through a seamless user experience;
- Expand our product capabilities through deeper integration with cloud ecosystems;
- Focus on partner enablement to drive solution execution on Teradata Vantage;
- Accelerate our transition to the cloud by supporting our customers on their migration journeys;
- Deepen strategic public cloud service provider relationships;
- Expand our go-to-market reach by onboarding new customers, vertical investments, expanding customer success programs and strengthening our partner relationships; and
- Deliver operational excellence through efficient cost management and execution.

Our strategy is further supported by our commitment to be a responsible corporate citizen. We believe it is our responsibility to make a positive impact on and support important issues, such as addressing the climate crisis and environmental sustainability, promoting diversity, equity and inclusion and being a company that does not tolerate any form of racism, supporting communities where we live and work, protecting data privacy, and acting ethically in everything we do. We believe that we actively engage with our people in a way that is supportive of a culture where they can feel comfortable bringing their authentic and genuine selves to work.

Customers. Teradata concentrates our marketing and go-to-market efforts on enterprise companies, which we define as the 10,000 largest businesses in the world, which view data as a strategic asset, and we focus on both business users and technology buyers. We particularly focus on the following industries: Financial Services, Government, Healthcare, Manufacturing, Retail, Telecommunications, and Travel/Transportation. We believe that these industries provide a good fit for our analytic solutions and services as they typically have the greatest analytic potential with large and growing data volumes, as well as complex data management requirements, and large and varied groups of users. When looking at new customer acquisition, we aim to drive adoption of our Teradata Vantage software. In addition, we are engaging with our existing customer base to increase the awareness and use of Teradata's software, and in particular, supporting our customers with their journeys to the cloud and helping them exploit new uses of data and analytics to drive meaningful business outcomes.

We currently do not have any customer which represents 10% or more of our total revenue. We have been successful in converting customers from perpetual to subscription-based purchasing options, which results in more ratable revenue recognition. We believe this will increase the predictability of our revenue and the durability of our cash flows in the future. Due to the size and complexity of our sales transactions, however, our sales cycle can often be lengthy.

Seasonality. Historically, our new contract bookings and renewals are seasonal, in line with customer spending patterns, with lower volume typically in the first quarter and higher volume generally in the fourth quarter of each calendar year. Such seasonality causes our working capital cash flow requirements to vary from quarter to quarter depending on the variability in the volume, timing of invoices and subsequent collection, and mix of platform sales. Historically, cash provided by operating activities is higher in the first half of the year due to collections of the higher receivable balances at December 31 driven by the higher contract bookings in the fourth quarter and receipts from annual renewals of our maintenance support agreements. In addition, contract bookings in the third month of each quarter has historically been significantly higher than in the first and second months. These factors, among

others as more fully described in Item 1A, Risk Factors, in this Annual Report, make forecasting more difficult and may adversely affect our ability to accurately predict financial results.

Sales, Marketing and Partners

Sales and Marketing. We primarily sell and market our solutions and services through a direct sales force. We have greater than 80% of our employees in customer-facing and/or revenue-driving roles (including sales, marketing, consulting, customer service, customer success, and product engineering).

We support our sales force with marketing and training programs that are designed to:

- Grow awareness and increase perception of Teradata as a multi-cloud leader, highlighting our technology leadership, differentiation, cloud, and analytics expertise;
- Lead customers on their migration to the cloud with the benefits of multi-cloud and hybrid cloud capabilities;
- Create demand for, and adoption of, our Teradata Vantage data platform;
- Educate and enable the sales force with the skills and knowledge to deliver our value proposition; and
- Provide a robust set of tools for use by our sales teams.

Teradata focuses our brand messaging on the Company's strength as a provider of a connected multi-cloud data platform for enterprise analytics. To support the Company's growth objectives, we employ a broad range of modern marketing strategies, including programs to inform, educate and generate demand with customers and prospects, as well as keep our leading technology position at the forefront of the media, industry analysts, academics, and other influencers. These strategies include targeted account-based marketing, our global website, digital marketing, demos and trials of our software, webinars, virtual conferences and events now, and physical events when again safe to do so post the global pandemic, public and media relations, social media, and an extensive customer reference program.

Strategic Partnerships. We seek to extend our sales and marketing reach by partnering with cloud service providers, alliance partners (including independent software vendors and open-source software distributors), leading global and regional systems integrators, consultants, and universities that we believe complement our differentiated offerings. Strategic partnerships are a key element in our ability to leverage the value and expand the scope of our data and analytics offering in the marketplace.

- **Cloud Service Providers:** Teradata has established partnerships with the top three global public cloud service providers: AWS, Microsoft Azure, and Google Cloud. We work to continuously strengthen these partnerships so that Teradata can provide companies around the globe access to Teradata's Vantage offering in the public cloud, both in an As-A-Service or Do-It-Yourself model to accommodate customer preferences.
- **Alliance Partners:** Teradata has a focus on working collaboratively with independent software vendors in several areas, including tools, data and application integration solutions, data mining, analytics, business intelligence, and specific analytic and industry solutions. Our goal is to provide choices to our customers with partner offerings that are optimized and certified to work with Teradata Vantage to deliver end-to-end data and analytic solutions and to provide comprehensive capabilities that support the customer's analytic ecosystem.
- **Systems Integrators and Consultants:** We also work with a range of systems integrators and consultants who engage in the design, implementation, and integration of data warehouse and analytic solutions and analytic applications for our joint customers. Our strategic partnerships with select global and regional consulting and systems integration firms provide broad industry and technology expertise in the design of business solutions that leverage Teradata technology to enable enterprise analytics.

Competition. We compete in a large and growing data management and analytics market that is attractive to both current and new competitors. Participants in our general market include traditional competitors such as IBM, Oracle, SAP, as well as new cloud-only data vendors (such as Amazon, Google, Snowflake), and open-source providers. We believe our focus on multi-cloud ecosystem simplification, providing solutions for the most scalable

and complex workloads, and providing a product designed to achieve desired business outcomes of our customers, enables us to successfully compete within our target market. We believe that our Teradata Vantage platform is highly differentiated, delivers substantive scale and integration, and is uniquely positioned to provide significant business value to our customers. Furthermore, we provide our customers with the opportunity to de-risk their buying decisions with the ability to deploy across the top public clouds, private cloud and on-premises, coupled with flexibility in purchasing and portable licensing. For more information on competition, see Item 1A, Risk Factors, in this Annual Report.

We believe that the principal competitive factors for our products and services include: data and analytics experience; business outcome delivery; multi-cloud offerings and experience; customer references; technology leadership; product quality; performance, scalability, availability, and manageability; support and consulting services capabilities; management of technologies in a complex analytical ecosystem; industry knowledge; and total cost of ownership. We believe we have a competitive advantage in providing complete, integrated, and optimized data and analytic capabilities that address customers' business, technical, and architectural requirements. Our differentiation is especially strong in our target market of the world's leading enterprises and their mission-critical, complex, large-scale environments and requirements.

Research and Development ("R&D"). We remain focused on designing and developing data warehouse technologies that anticipate our customers' evolving needs and support our customers in solving their most complex business challenges. Our teams are focused on extending our Teradata Vantage data platform to have consistent and differentiated capabilities for our customers' multi-cloud and hybrid ecosystems. This includes simplifying the journey to cloud, as well as enabling a transformative cloud experience. With a focus on opening up the platform, we are building out deep integration with cloud data and analytic ecosystems, including advanced analytics and artificial intelligence tools. Furthermore, with a strong focus on partnerships, our R&D team is extending our platform to enable deeper partner integration with a broader range of solution and services providers.

We believe our extensive and talented R&D workforce is one of our core strengths. Our R&D team is located in multiple locations around the world to take advantage of global engineering talent. We anticipate that we will continue to have significant R&D expenditures, which may include complementary strategic acquisitions, to help support the flow of innovative, high-quality cloud-based data and analytic offerings with a superior user experience, as well as services, which are vital to our leading competitive position. For information regarding the accounting and costs included in R&D activities, see "Note 1-Description of Business, Basis of Presentation and Significant Accounting Policies" in the Notes to Consolidated Financial Statements in this Annual Report.

Intellectual Property and Technology. The Company owns 632 patents in the United States. The Company also is the exclusive licensee of four additional patents in the United States and counterpart patents in foreign countries. Many of the patents that we own are licensed to others, and we are licensed to use certain patents owned by others. While our portfolio of patents and patent applications in aggregate is of significant value to our Company, we do not believe that any individual patent is by itself of material importance to our business.

In addition, the Company owns copyrights and trade secrets in our code base that comprises all of the Teradata software offerings, including analytic data platforms and analytic applications. Teradata's software offerings reflect the investment of hundreds of person-years of development work.

The source code versions of our offerings are protected as trade secrets and, in all major markets, as unpublished copyright works. We take great efforts to protect our rights in all software offerings and related intellectual property; however, there can be no assurance that these measures will be successful. The Company owns the Teradata® word and logo trademarks, which are registered in the United States and in many foreign countries, as well as other trade names, service marks, and trademarks.

Sources of Materials. Our hardware components are assembled and configured by Flex Ltd. ("Flex"). Our platform line is designed to leverage the components from manufacturers that we believe are industry leaders. Our data storage devices and memory components utilize industry-standard technologies but are selected and configured to work optimally with our software and hardware platform. Flex also procures a wide variety of components used in the assembly process on our behalf. Although many of these components are available from multiple sources, Teradata utilizes preferred supplier relationships to better ensure more consistent quality, cost and delivery. Typically, these preferred suppliers maintain alternative processes and/or facilities to ensure business continuity of

supply. Given our strategy to outsource product assembly activities to Flex and to source certain components from single suppliers, a disruption in production at Flex or at a supplier, a global shortage of components, commodity, transportation, and/or inflationary pressures could impact the timing or profitability of customer shipments. 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. Although the Company has not experienced significant disruptions in its supplier relationships due to the COVID-19 pandemic, inflationary challenges, or otherwise, the ongoing pandemic and current inflation environment could present potential supply chain uncertainty, and the Company has implemented programs to mitigate these potential risks. For more information, see Item 1A, Risk Factors in this Annual Report.

Human Capital

Teradata's people management objectives are to attract, retain, and develop the highest quality of diverse and inclusive talent, which allows our employees to thrive while positioning us to execute our Company strategy and drive profitable growth. Our future success depends on our ability to attract and retain highly skilled and innovative talent in all functional areas of our Company, with a heightened focus on sales and cloud talent. Competition for acquiring top talent and retaining our highly skilled people is intense throughout the IT industry. Our programs are designed to align to our core principles and focus on meaningful work, enabled management, a positive and inclusive workplace environment, career growth opportunities, and transparent and trustworthy leadership. We also provide complete flexibility to our workforce to choose whether they will work remote or hybrid, as well as offering competitive pay, and comprehensive health and wellness benefits and programs.

As of December 31, 2021, we had approximately 7,200 employees globally, with approximately 30% employed in the United States and 70% across the rest of the world. Our global workforce is critical to our overall business strategy across target markets. During fiscal 2021, our overall headcount decreased slightly as we continue to align our talent needs to drive our Company's cloud-first and profitable growth strategy.

Culture Transformation. At Teradata, we transform how businesses work and people live through the power of data. We are deliberate in ensuring our culture supports our purpose and strategy. We embody our core principles in all we do; and we recognize and reward behavior aligned to our core principles. We believe every employee plays a role in transforming our culture to meet the needs of the future. We are committed to work, learn, and grow together to help ensure our success.

We are committed to the following Core Principles to make sure we are fulfilling our purpose and truly bringing our brand to life:

- Accountability to Each Other
- Agility in Execution, and
- Customer and Market Driven.

We value every member of the team because bringing together different voices makes us stronger and accelerates the momentum we need to create true transformation together.

Diversity, Equity, and Inclusion. Teradata's core strength is our people, and creating an inclusive workplace where everyone feels safe and welcome being their genuine and authentic selves is a key focus for us. We are an equal opportunity employer, committed to sustaining a world-class team by providing an environment that is intentionally inclusive and fully encourages and leverages diversity in all aspects of our business.

We have many people and culture initiatives, with a strong focus on diversity, equity, and inclusion ("DEI").

- Our executive team and employee allies have signed a pledge committing to DEI and anti-racism.
- We have a DEI Advisory Board to support the Company's mission to eradicate racism and inequality in the workplace.
- We provide resources and tools for our employees to help them engage within culturally- and geographically-dispersed work teams to enable a culture of growth, learning, and collaboration.
- We continue to empower our Inclusion Communities, which are networks of employees who unite based on shared characteristics, life experiences, or common interests. These communities are designed to provide support, networking and enhanced career and personal development. These networks include Teradata

Alliance of Black Employees, Blend (a community for employees in India), Veterans Community, Teradata Pride, HISPA (Hispanic and Latin Allies), Women of Teradata, Green Agenda, Terabytes (work-life integration), Toastmasters International, and Asian and Pacific Islander Inclusion Community.

- In further support of the communities where we operate and live, we offer a global Diversity in Technology Scholarship Program for underrepresented minorities and women who are pursuing STEM-related degrees; and
- Teradata earned a score of 100 out of 100 in the Human Rights Campaign Corporate Equality Index 2022 (CEI), a benchmarking survey and report that measures corporate policies and practices related to LGBTQ+ equality.

We believe that a diverse workforce is critical to the Company's success, and we will continue to focus on the hiring, retention and advancement of underrepresented minorities and women in technology.

Health, Safety, and Wellness. We are committed to the health, safety, and wellness of our employees. We provide our employees and their families a variety of flexible and convenient health and wellness programs. Continuing in 2021, in response to the COVID-19 pandemic, we took several actions to promote the health and well-being of our employees, as described below under "COVID-19 Update" in *Item 7, Management Discussion and Analysis Of Financial Condition and Results of Operations ("MD&A")*.

Compensation and Benefits. A key to our attraction, retention, and engagement strategies are the robust compensation and benefit programs we provide that are designed to meet the varied and evolving needs of a global and diverse workforce. In addition to our competitive base pay, these programs (which vary by country/region) include sales incentives, annual bonuses, stock awards, an Employee Stock Purchase Plan, a 401(k) Savings Plan with a company match, healthcare and insurance benefits, paid time off, family leave, and paid parental leave. As an example of our commitment to DEI, we ensure that all of our benefits provide coverage for domestic partners.

Talent Development. Teradata is committed to supporting the professional development of our employees by providing resources and tools that enable employees to manage their careers. Our talent programs provide employees with the resources to develop their careers, build leadership skills, and lead within their organizations. We have launched on-demand learning resources, such as LinkedIn Learning and Country Navigator, which give employees flexibility in when and how they learn. Our Learning Labs focus on understanding Culture Transformation and our Core Principles, Inclusive Leadership, and Building Your Personal Brand. We also provide executive and leadership development programs to help develop leaders at all levels.

Community Engagement. We believe that building connections between our employees, their families, and our communities creates a more meaningful, fulfilling, and enjoyable workplace. We support local STEM education programs to ensure emerging leaders in our communities have opportunities to explore their interests. Our Teradata Cares program empowers our employees to help build strong and vibrant communities, improve quality of life, and make a positive difference where we live and work through volunteerism and giving. We support our employees' giving and volunteer efforts by providing matching donations for employee contributions to qualified not-for-profit agencies, project grants, Annual Days of Caring, and supporting communities where we have employee populations. To further enable employees to support the charity of their choice, we afford every employee four days a year, during normal working hours, for volunteer efforts of their choice.

Properties and Facilities. Our corporate headquarters is located in San Diego, California. As of December 31, 2021, we operated 58 facilities in 32 countries throughout the world. We own our San Diego complex, while all other facilities are leased.

Information About Our Executive Officers. The following table and biographies sets forth information as of February 25, 2022 regarding the individuals who are serving as our executive officers.

Name	Age	Position(s)
Stephen McMillan	51	President and Chief Executive Officer
Hillary Ashton	50	Chief Product Officer
Claire Bramley	44	Chief Financial Officer
Todd Cione	52	Chief Revenue Officer
Kathleen Cullen-Cote	57	Chief Human Resources Officer
Michael Hutchinson	56	Chief Customer Officer
Margaret Treese	55	Chief Legal Officer
Jacqueline Woods	60	Chief Marketing Officer

Stephen McMillan. Stephen McMillan is the Company's President and Chief Executive Officer and has served in this role since joining the Company in June 2020. Mr. McMillan has served on the Company's Board of Directors since June 2020. Previously, he served as the Executive Vice President of Global Services for F5 Networks, Inc., a transnational company that specializes in application services and application delivery networking, from October 2017 when he joined F5 until May 2020. Prior to joining F5, from September 2015 until October 2017, he was Senior Vice President, Customer Success and Managed Cloud Services at Oracle, where he was responsible for developing, overseeing, and expanding a customer success organization focused on the company's strategic SaaS portfolio. From May 2012 to September 2015, he served as Senior Vice President, Managed Cloud Services at Oracle. Prior to joining Oracle, Mr. McMillan spent 19 years at IBM, where he held a number of leadership roles focused on global managed services, consulting, and IT.

Hillary Ashton. Hillary Ashton is the Company's Chief Product Officer and has served in this role since August 2020. Prior to that Ms. Ashton served as the Executive Vice President of Teradata Products from November 2019, when she joined the Company, until August 2020. Prior to joining Teradata, she served as Executive Vice President and General Manager of PTC's Augmented Reality (AR) business unit from July 2018 until November 2019. In this role, she was responsible for all operational aspects of the Vuforia business and its product lines, including executive leadership and vision, strategy, sales, and marketing. From 2014 to 2018, she served as SVP of Analytics SaaS solutions at Manthan and as Director, Customer Intelligence Solutions at SAS from 2003 to 2014.

Claire Bramley. Claire Bramley is the Company's Chief Financial Officer and has served in this role since joining Teradata in June 2021. She served as the Global Controller for HP Inc. from December 2018 until June 2021. From June 2015 until December 2018, she served as HP's Regional Head for Finance for EMEA, and from January 2013 to May 2015, she served as Vice President, Corporate Financial Planning and Analysis at HP. Prior to that, Ms. Bramley served as HP's Finance Director of Worldwide Personal Systems Financial Planning & Analysis from September 2011 to December 2012.

Todd Cione. Todd Cione is the Company's Chief Revenue Officer and has served in this role since joining Teradata in January 2021. Mr. Cione served as the Head of U.S. Enterprise Accounts for Apple, Inc., from the time he joined the company in July 2017 until December 2020. Prior to joining Apple, from 2016 until 2017, he was Senior Vice President, Oracle Digital, North America Applications, and from 2013 to 2015, he served as Chief Revenue Officer at Rackspace. Prior to joining Rackspace, Mr. Cione spent 15 years at Microsoft, where he most recently served as the Asia-Pacific Chief Operating Officer, based in Singapore.

Kathleen Cullen-Cote. Kathleen Cullen-Cote is the Company's Chief Human Resources Officer and has served in this role since joining Teradata in July 2019. Prior to joining Teradata, Ms. Cullen-Cote served in human resource leadership roles at PTC Inc., a global computer software and services company, from 2002 to June 2019, including Executive Vice President and Chief Human Resources Officer from April 2019 to July 2019; Corporate Vice President, Human Resources from 2012 until March 2019; Senior Vice President, Human Resources, from December 2010 to 2012; and Vice President, Human Resources, from October 2009 until December 2010. Prior to that, Ms. Cullen-Cote served in human resource leadership roles at Imark Communications, Johnson and Johnson, Raytheon, and Barry Controls.

Michael Hutchinson. Michael Hutchinson is the Company's Chief Customer Officer and has served in this role since January 2022. Previously, from June 2021 when he joined the Company until December 2022, he served as Senior Vice President World-Wide Customer Success, Consulting and Renewals. Prior to joining Teradata, Mr. Hutchinson served as the Senior Vice President and Chief Customer Officer at Verint from August 2020 to May 2021 and as its Senior Vice President, Global Professional Services and Support from April 2018 until August 2020. From 1990-2018, he held several positions with Oracle Corporation most recently as the Group Vice President, North America Customer Success from December 2015 to March 2018.

Margaret Treese. Margaret Treese is the Company's Chief Legal Officer and has served in this role since November 2020. Previously, from 2018 until January 2020, she served as Teradata's Deputy General Counsel and Secretary. From 2007 until 2018, she served as the Chief Corporate and Governance Counsel and Assistant Secretary and was named Corporate Secretary of Teradata in 2018. Prior to joining Teradata, from 1995 to 2007, Ms. Treese held positions of increasing responsibility at NCR, including Law Vice President and Chief Americas Region Counsel for the Teradata Division Law Group, Chief Corporate Counsel and Assistant Secretary.

Jacqueline Woods. Jacqueline Woods is the Company's Chief Marketing Officer and has served in this role since joining Teradata in December 2021. Previously, she served as the Global Chief Marketing Officer for NielsenIQ from 2019 until November 2021. Prior to that, Ms. Woods was with IBM Corporation serving as the company's Chief Marketing Officer of IBM Global Partner Ecosystem Division from 2017 until 2019, the Chief Marketing Officer of IBM Global Financing from 2015 until 2017, and held other executive roles at IBM between 2010-2015. Ms. Woods also serves on the Board of Directors of Winnebago Industries, Inc.

There are no family relationships between any of the executive officers or directors of Teradata.

There are no contractual obligations regarding the election of our executive officers or directors.

Information. Teradata makes available through its website, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and all amendments to such reports, as soon as reasonably practicable after these reports are electronically filed or furnished to the U.S. Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). These reports and other information are available, free of charge, at www.sec.gov. Teradata will furnish, without charge to a security holder upon written request, the Notice of Meeting and Proxy Statement for the 2022 Annual Meeting of Stockholders. Teradata will furnish the Code of Conduct and any other exhibit at cost (the Code of Conduct is also available through Teradata's website at <http://www.teradata.com/code-of-conduct/>). Document requests are available by calling or writing to:

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Item 1A. RISK FACTORS

You should carefully consider each of the following risk factors and all other information set forth in this Annual Report. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our company in each of these categories of risks. However, the risks and uncertainties our Company faces are not limited to those set forth in the risk factors described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

In addition, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

If any of the following risks and uncertainties develops into actual events or occurrences, these events could have a material adverse effect on our business, financial condition or results of operations. In such case, the trading price of our common stock could decline.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

Our failure to successfully execute our cloud-first strategy and achieve the anticipated benefits of our business transformation, which includes successfully developing and launching cloud-based products and product enhancements and/or enabling our data platform to operate effectively in cloud environments, could have a material adverse effect on our competitive position, business, brand and reputation, financial condition, results of operations and cash flows.

The successful implementation of our cloud-first strategy and completion of our business transformation presents organizational and infrastructure challenges. We may not be able to implement and realize some or all of the anticipated benefits from our strategy or our business transformation plan on a timely basis, or at all. Even if the anticipated benefits and savings are substantially realized, there may be unforeseen consequences, internal control issues, or business impacts. Additionally, because of our restructuring efforts in connection with our business transformation, we may experience a loss of continuity, loss of accumulated knowledge or loss of efficiency during transitional periods. Reorganization and restructuring may require a significant amount of management and other employees' time and focus, which may divert attention from operating activities and growing our business.

A core component of our business strategy is to expand and enhance our product offerings, particularly for analytic solutions in a cloud-based environment, to include newer features, functionality, and development options and to keep pace with price-to-performance gains. Shortened product life cycles due to customer demands and competitive pressures impact the pace at which we must introduce and implement new technology as part of our product offerings. This requires a high-level anticipation of customer needs and technology trends, as well as innovation by both our software developers and the suppliers of the third-party software components included in our solutions. In addition, bringing new offerings to the market entails a costly and lengthy process, may increase our risk of liability and cause us to incur significant technical, legal or other costs. It is uncertain whether these new offerings and deployment models will prove successful or whether we will be able to develop the necessary business models, infrastructure and systems to support the business. This includes acquiring, retaining and developing the right people to execute our business strategy in a competitive job market. In addition, market acceptance of new product and service offerings will be dependent in part on our ability to include functionality and usability that address customer requirements, and to optimally price our offerings and services to meet customer demand and cover our costs. Our go-to-market, cloud, and multi-cloud strategies also must adjust to customers' changing buying preferences, and there can be no assurance that our go-to-market approach will adequately and completely address such preferences.

As part of our business strategy, we also continue to dedicate a significant amount of resources to our R&D efforts in order to maintain and advance our competitive position, including our initiatives to provide and improve our offerings for cloud environments and to enable our data platform to operate effectively in cloud environments. However, we may not receive significant revenues from these investments for several years, if at all. R&D expenses represent a significant portion of our discretionary fixed costs.

If we are unable to successfully execute on our cloud-first strategy and/or continue to respond to market demands, develop leading technologies, timely deliver offerings to the market, and maintain our leadership in analytic data solutions performance and scalability, our competitive position, business, brand and reputation, financial condition, results of operations and cash flows may be adversely affected.

As we develop new offerings with enhanced capacity, delivery and performance capabilities, the increased difficulty and complexity associated with producing these offerings may increase the likelihood of reliability, quality, operability, and/or security issues.

From time to time, errors or security flaws are identified in our offerings, which in certain cases are discovered after the offerings are introduced and delivered to customers. This risk is enhanced when offerings are first introduced or when new versions are released. In particular, when we develop offerings with more advanced technology, the production of such offerings involve increased difficulty and complexity and as a result may increase the likelihood of reliability, quality, operability, and/or security issues with such offerings. Our products and services may also fail to perform to the full specifications and expectations of our customers, including as part of transitioning customers to the cloud, in particular those that involve customer and/or third-party dependencies. Additionally, third-party

components that we integrate into our solutions can have undetected quality issues that can impact the performance of our offerings. We may not be able to detect or remedy all errors, including those that may be deemed critical by our customers, prior to release or deployment.

Such reliability, quality, operability, and security issues may negatively impact our ability to retain current customers, including due to customer cancellations or non-renewals, as well as our ability to obtain new customers and could expose us to liability, performance and warranty claims, as well as harm our brand and reputation. These and other risks associated with new offerings may have a material adverse impact on our results of operations and future performance.

If our existing customers fail to renew, or cancel, their subscription license arrangements or support agreements, or if customers do not renew on terms favorable to us, our business could be adversely affected.

Teradata's platform offerings have been expanded to include a variety of subscription options, which impact the timing of when revenues are recognized and related cash flows are collected. In addition, with our transition to subscription revenues, we currently derive a significant portion of our overall revenues from subscription services in which we have limited renewal experience, which carries additional risk. The IT industry generally has been experiencing increasing pricing pressure from customers when purchasing or renewing support agreements. In addition, as our on-premises customers migrate all or a portion of their data analytics solutions to a cloud-based environment, some customers may select a cloud-based offering of one of our competitors and consequently cancel all or a portion of their arrangements with us. Mergers and acquisitions in certain industries that we serve could result in a reduction of the software and hardware being supported and put pressure on our subscription and support terms with customers who have merged. Given these factors, there can be no assurance that our current customers will renew their subscription and/or support agreements or agree to the same terms when they renew, which could result in our reducing or losing subscription and/or support fees which could adversely impact operating results.

Unanticipated delays or accelerations in our sales cycles makes accurate estimation of our revenues difficult and could result in significant fluctuations in our quarterly operating results.

The length of our sales cycle varies depending on several factors over which we may have little or no control, including the size and complexity of a potential transaction, whether a sale involves a cloud offering, the level of competition that we encounter in our selling activities and our current and potential customers' internal budgeting and approval process, as well as overall macro-economic conditions. Because of a generally long sales cycle, we may expend significant effort over a long period of time in an attempt to obtain an order, but ultimately not complete the sale, or the order ultimately received may be smaller than anticipated. The long sales cycle for our products also makes it difficult to predict the quarter in which sales will occur. Delays in sales could cause significant variability in our results for any particular period.

We may experience variability in our operating results based on the purchasing behavior of our customers.

Our business has substantially shifted from traditional, perpetual pricing and revenue model to a subscription-based model in which less revenue is recognized upfront at the time the customer enters into a transaction. The pace and extent to which customers will continue to purchase and renew our offerings on a subscription basis is variable and, therefore, has impacts on our results and operations. In addition, we have flexible pricing options for our cloud customers, including consumption-based, "pay as you go" pricing. Under such a pricing model, we generally recognize revenue based on consumption. To the extent that customers opt for such a flexible pricing model, we may not be able to accurately forecast the timing of customer consumption of our offerings. As a result, our actual results may differ from our projections. Furthermore, our on-premises subscription arrangements may provide the customers with the right to cancel our agreement upon certain notice periods, which we may change in the future. Such arrangements may impact the timing of revenue recognition for these customers and result in fluctuations in our quarterly operating results.

Demand for the offerings and services we sell could decline if we fail to maintain positive brand perception and recognition.

We strive to maintain a brand that reflects our commitment to customer service and innovation. We believe that recognition and the reputation of our brand is key to our success, including our ability to retain our existing

customers and attract new customers. We have a distinguished history as an on-premises platform provider and one of our strategic objectives is to establish our position in the cloud market. A misperception in the market regarding our cloud capabilities could negatively impact our ability to migrate existing on-premises customers to our cloud-based solutions and/or acquire new customers for our cloud business.

In addition, damage to the reputation of our brands could result in, among other things, declines in customer loyalty, customer cancellations or non-renewals, lower employee retention and productivity, and vendor relationship issues, all of which could materially affect our revenue and profitability.

Our future results depend in part on our relationships with key suppliers, strategic partners and other third parties.

Our development, marketing, and distribution plans depend in part on our ability to form strategic alliances with third parties that have complementary offerings, software, services, and skills. Our strategic partners include consultants and system integrators, software and technology providers, hardware support service providers, and indirect channel distributors in certain countries. These relationships involve risks, including our partners changing their business focus, entering strategic alliances with other companies, being acquired by our competitors, failing to meet performance criteria or improperly using our confidential information. If we fail to maintain or expand our relationships with strategic partners or if we are forced to seek alternative technology or technology for new solutions that may not be available on commercially reasonable terms, our business may be adversely affected.

As part of our cloud-first strategy, the growth of our business is dependent on our relationships with public cloud service providers, Amazon, Google, and Microsoft. Our strategic partnerships with Amazon, Google and Microsoft for our cloud offerings on AWS, Google and Azure, respectively, require significant investments to ensure that our solutions are optimized in these cloud environments. In addition, these cloud service providers maintain relationships with certain of our competitors, and our competitors may in the future establish relationships with additional competing cloud data platform providers. Any of these cloud service providers may decide to modify or terminate our business relationship or may otherwise enter into preferred relationships with one or more competing cloud data platform providers. If we are unsuccessful in meeting performance requirements or obtaining future returns on these investments, or if we are otherwise unable to maintain adequate relationships with any of these cloud service providers, our financial results may be adversely impacted.

Third-party vendors provide important elements to our solutions; if we do not maintain our relationships with these vendors or if these vendors cease to be going concerns, interruptions in the supply of our offerings may result. There are some components of our solutions that we purchase from single sources due to price, quality, technology or other reasons. For example, we rely on Flex as a key single source contract manufacturer for our on-premises hardware systems. In addition, we buy servers from Dell Technologies Inc. and storage disk systems from NetApp, Inc. Some components supplied by third parties may be critical to our solutions, and several of our suppliers may terminate their agreements with us without cause with 180-days' notice. In addition, we rely on certain vendors for hardware support services and parts supply. If we were unable to purchase necessary services, parts, components or offerings from a particular vendor and had to find an alternative supplier, our shipments and deliveries could be delayed. Also, quality issues, commodity, transportation, wage, or other inflationary pressures, a disruption in our supply chain or the need to find alternative suppliers could impact the costs and/or timing associated with procuring necessary offerings, components and services. In any case, our operations could be adversely impacted. Similarly, our suppliers' offerings and services have certain dependencies with respect to their own supply chain networks, and supply and/or inflation issues among our suppliers may also adversely impact our business.

A breach of security, disruption, or failure of our information systems or those of our third-party providers could adversely impact our business and financial results.

Our operations are dependent on our ability to protect our computer equipment and the information stored in our databases (and the computer equipment and database information of certain suppliers and other third parties) from damage by, among other things, earthquake, fire, natural disaster, cyber-attacks, power loss, telecommunications failures, unauthorized intrusions or exploitations, malicious or unintended insider actions that cause loss of data or loss of systems, including phishing schemes, and other events. The occurrence of one or more of these events could result in system failures and other interruptions in our operations, which could have a material adverse effect on our

business, financial condition or results of operations. Additionally, we offer the ability for our employees to choose a remote work location. This increases vulnerability to our systems as additional endpoints need to be managed.

Prior to our transition to a subscription-based business, our customers generally purchased or leased on-premises hardware systems used in connection with our software solutions, which our customers deployed and operated. With respect to these types of customer on-premises solutions, the customer, directly or through its selected services providers, manages all aspects of the data controls and security with respect to any confidential, private or otherwise sensitive information stored or processed through these solutions, including any personally identifiable data or information, such as non-public data regarding our customers' employees, customers' customers, consumers, data subjects, individuals' identities, individual financial accounts and health information. By contrast, our software-as-a-service or cloud offerings generally require us to deploy or operate solutions for our customers, directly or through the use of third-party services providers, either on-premises at customer-selected data center facilities, or at third-party-hosted data center facilities. With respect to these cloud and software-as-a-service offerings, we and such service providers have increased roles, responsibilities and risk exposures regarding some or all aspects of the data controls and security with respect to any confidential, private or otherwise sensitive information stored or processed through these solutions on our systems or those of selected third-party providers. If unauthorized access to or use of such information or systems occurs, despite data security measures and third-party commitments to protect them, our results of operation, reputation, and relationships with our customers could be adversely impacted.

Experienced computer programmers, Nation State Sponsored Advanced Persistent Code ("NSSAPC") attackers (from countries such as Iran, China, Russia and certain European Eastern Bloc countries) and hackers may be able to penetrate our network security or that of our third-party providers and misappropriate or compromise our intellectual property or other confidential information or that of our customers, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious software programs that attack our offerings or otherwise exploit any security vulnerabilities of our offerings. In addition, phishing-scheme-perpetrators may be able to lure employees or contractors into providing such perpetrators with information that may enable them to avoid some of our network security controls or those of third-party providers which could result in system disruptions or a loss of confidential and proprietary information.

We have been subject to actual and potential cyber-attacks, and there can be no assurance that our defensive measures will be adequate to prevent them in the future. There is risk that these types of activities will recur and persist, that one or more of them may be successful in the future, that one or more of them may have been or will be successful but not detected, prevented, remediated or mitigated by us, and the costs to us to eliminate, detect, prevent, remediate, mitigate or alleviate cyber or other security problems, viruses, worms, malicious software programs, phishing schemes and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could adversely impact our future results of operations. In addition, while we maintain insurance coverage to cover certain liabilities related to cyber attacks and/or data breaches, such coverage may not adequately cover all costs, expenses, liability and damages that we or our customers may incur as a result of such incidents.

Increases in the cost of components used in our product, employee compensation, and/or increases in our other costs of doing business, have, and could continue to, adversely affect our profit margins.

Our hardware components are assembled and configured by Flex. Flex also procures a wide variety of components used in the assembly process on our behalf. Although many of these components are available from multiple sources, we utilize preferred supplier relationships to better ensure more consistent quality, cost and delivery. Components used in our products require commodities as part of their manufacturing. In addition, we have a global employee population. As such, increased costs, including as a result of COVID-19 and/or commodity and other inflation, and/or increased tariffs on certain items imported from foreign countries have affected our profit margins and could continue to result in declines in our profit margins. Historically, we have mitigated certain cost increases, in part, by increasing prices on some of our products and collaborating with suppliers, in particular Flex, reviewing alternative sourcing options, and engaging in internal cost reduction efforts, all as appropriate. However, we may not be able to fully offset increased costs. Further, if any price increases we adopt are not accepted by our customers and the market, our net sales, profit margins, earnings, and market share could be adversely affected.

Inadequate internal control over financial reporting and accounting practices could lead to errors, which could adversely impact our ability to assure timely and accurate financial reporting.

Internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control objectives will be met. These inherent limitations include system errors, the potential for human error and unauthorized actions of employees or contractors, inadequacy of controls, temporary lapses in controls due to shortfalls in transition planning and oversight of resources, and other factors. Consequently, such controls may not prevent or detect misstatements in our reported financial results as required under the Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE") rules, which could increase our operating costs or impair our ability to operate our business. Controls may also become inadequate due to changes in circumstances, and it is necessary to replace, upgrade or modify our internal information systems from time to time. In addition, unforeseen risks may arise in connection with financial reporting systems due to inefficient business processes, business process reengineering projects, or changes in accounting standards.

If management is not successful in maintaining a strong internal control environment, material weaknesses could occur, causing investors to lose confidence in our reported financial information. This could lead to a decline in our stock price, limit our ability to access the capital markets in the future, and require us to incur additional costs to improve our internal control systems and procedures.

Our business is affected by the global economies in which we operate and the economic climate of the industries we serve.

Our business and results of operations are affected by international, national and regional economic conditions. In particular, the IT industry in which we operate is susceptible to significant changes in the strength of the economy and the financial health of companies and governmental entities that make spending commitments for new technologies. Accordingly, adverse global economic, inflationary, and market conditions, including in certain economic sectors in which many of our customers operate (such as retail, manufacturing, financial services or government), may adversely impact our business. For example, adverse changes to the economy could impact the timing of purchases by our current and potential customers or the ability of our customers to fulfill their obligations to us. In addition, decreased or more closely scrutinized spending in our customers' businesses and in the industries we serve, may adversely impact our business. Uncertainty about future economic conditions may make it difficult for us to forecast operating results and to make decisions about future investments. In addition, our inability or failure to quickly respond to inflation and the resulting buying behaviors of our customers could harm our business, results of operations and financial condition. The Company's success in periods of economic uncertainty may also be dependent, in part, on our ability to reduce costs in response to changes in demand, inflation or other activity.

Generating substantial revenues from our international operations poses several risks.

In 2021, the percentage of our total revenues from outside of the United States was 52%. We have exposure to more than 30 functional currencies. The risks associated with the geographic scope of our business operations include, among other things the following:

- Cultural, management, and staffing challenges associated with operating in countries around the world, including developing countries;
- The imposition of additional and/or different governmental controls and regulations;
- Longer payment cycles for sales in foreign countries and difficulties in enforcing contracts and collecting accounts receivable;
- Fluctuations in the value of local currencies;
- Tariffs or other restrictions on foreign trade or investment;
- Foreign trade policy changes, trade regulations, and/or disputes may adversely affect sales of our solutions and services and may result in longer sales cycles;
- The imposition of sanctions against a country, company, person or entity with whom we do business that would restrict or prohibit our business; and
- Foreign government activities that favor domestic companies, including those that may require companies to procure goods and services from locally-based suppliers.

Any of these events, among others, could materially and adversely affect our financial condition and operating results.

Our offerings are subject to United States export controls and, when exported from the United States, or re-exported to another country, must be authorized under applicable United States export regulations. Changes in our offerings or changes in export regulations may create delays in the introduction of our offerings in international markets, prevent our customers with international operations from deploying our offerings throughout their global systems or, in some cases, prevent the export of our offerings to certain countries or customers altogether. Any change in export regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by these regulations could result in decreased use of our offerings by, or in our decreased ability to export or sell our offerings to, existing or potential customers with international operations.

There is active enforcement and ongoing focus by the SEC and other governmental authorities on the United States Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and similar anti-bribery, anti-corruption laws in other countries. Given the breadth and scope of our international operations, we may not be able to detect improper or unlawful conduct by our international partners and employees, despite our high ethics, governance and compliance standards, which could put the Company at risk regarding possible violations of such laws and could result in various civil or criminal fines, penalties or administrative sanctions, and related costs, which could negatively impact the Company's business, brand, results of operations or financial condition.

The Company's business, results of operations, and financial condition could in the future be materially adversely affected by the COVID-19 pandemic.

The degree to which the COVID-19 pandemic in the future affects our business, financial condition, and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the unprecedented pandemic, its severity, the development of one or more COVID-19 variants, the actions to contain the virus or respond to its impact, the successful distribution of vaccines and their effectiveness, and how quickly and to what extent normal economic and operating conditions can resume. The COVID-19 pandemic or any other adverse public health development could also inhibit our ability to execute our strategic initiatives including, without limitation, improving the experience of our customers, investing in identified strategic growth platforms, and shifting the mix of revenue in our business to cloud as well as subscription revenue.

Furthermore, negative economic conditions related to the COVID-19 pandemic have impacted, and may in the future impact our ability to close transactions and/or collect receivables from customers on a timely basis, or at all; and may also impact our customers' willingness to maintain or increase spending on data analytics, their ability to obtain adequate financing for the purchase of our products and services, or the amount of disposable income available to consumers, which may adversely impact the businesses of our customers in consumer-facing industries. In addition, we have experienced, especially at the beginning of the COVID-19 pandemic, delays and cancellations of consulting projects due to work from home and also because of the discretionary nature of consulting projects which were delayed or suspended as a result of more conservative spending patterns by our customers in light of the economic impacts of the pandemic.

Further, the global supply chain risks present a level of uncertainty to our global business and operations due to the international and domestic pandemic recovery efforts.

The spread of COVID-19 has caused us to implement new programs and modify our business practices, and we may take further actions as may be required by government authorities or that we determine is in the best interests of our employees, customers, distributors, suppliers and contractors. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, and our ability to perform critical functions could be harmed.

Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impacts to our business, including as a result of any economic recession that may occur in the future. The COVID-19 pandemic could also exacerbate or trigger other risks, any of which could have a material adverse effect on our business, results of operations and financial condition.

Our business and operations could be disrupted by weather conditions, including conditions exacerbated by global climate change.

We are a global business, as such, weather conditions in a particular geographic region could disrupt our business and operations in that geographic region or in others, as well as those of our customers, supply chains, data warehouses, distribution channels, and public cloud infrastructure providers. Examples of weather conditions that could impact our business and operations include tornadoes, hurricanes, earthquakes, floods, tsunamis, typhoons, and fire. In addition, the negative effects of unfavorable weather conditions could pose physical risks to our facilities and data warehouses, result in power outages and shortages, and/or result in failures of global critical infrastructure and/or telecommunications systems, each of which could negatively impact our business and operations.

Any disruption at or near any of our facilities or other operations, or those of our customers, vendors, data warehouses, distribution channels, and public cloud service providers could adversely affect our business.

Disruptions could occur as a result of supply chain challenges; decreases in work force availability; natural disasters; inclement weather; man-made disasters or other external events, such as terrorist acts or acts of war, pandemics and/or epidemics, including COVID-19, boycotts and sanctions, widespread criminal activities, or protests and/or social unrest, or other events, at or in proximity to any of our facilities or those of our customers, vendors, data warehouses, distribution channels, and public cloud service providers. Such events and disruptions could make it difficult or impossible to deliver products and services to our customers or perform critical business functions and could adversely affect our business.

Increased scrutiny from the public, investors, and others regarding our environmental, social, and governance ("ESG") practices could impact our reputation.

We formed a cross-functional ESG leadership team in 2021 that has oversight by each of our Chief Legal Officer and Chief Financial Officer to further develop and implement an enterprise-wide ESG strategy. We also have published an ESG report that includes our policies and practices on a variety of ESG matters, including the value creation opportunities provided by our products and services, DEI, employee health and safety, community giving, green house gas emissions and reduction ambitions, corporate governance, data privacy, and talent management. These efforts may result in increased investor, media, employee, and other stakeholder attention to such initiatives, and such stakeholders may not be satisfied with our ESG practices or initiatives. Additionally, organizations that inform investors on ESG matters have developed rating systems for evaluating companies on their approach to ESG. Unfavorable ratings may lead to negative investor sentiment, which could negatively impact our stock price. Any failure, or perceived failure, to respond to ESG concerns could harm our business and reputation.

RISKS RELATED TO OUR INDUSTRY

The IT industry is intensely competitive and evolving, and competitive pressures could adversely affect our pricing practices or demand for our offerings and services.

We operate in the intensely competitive IT industry, which is characterized by rapidly changing technology, evolving industry standards and models for consuming and delivering business and IT services, frequent new product introductions, and frequent price and cost reductions. In general, as a participant in the data analytic solutions market, we face:

- Changes in customer IT spending preferences and other shifts in market demands, which drive changes in the Company's competition;
- Changes in pricing, marketing and product strategies, such as potential aggressive price discounting and the use of different pricing models by our competitors;
- Rapid changes in product delivery models, such as on-premises solutions versus cloud solutions;
- Rapid changes in computing technology and capabilities that challenge our ability to maintain differentiation at the lower range of business intelligence analytic functions;
- New and emerging analytic technologies, competitors, and business models;
- Continued emergence of open-source software that often rivals current technology offerings at a much lower cost despite its limited functionality;
- Changing competitive requirements and deliverables in developing and emerging markets; and
- Continuing trend toward consolidation of companies, which could adversely affect our ability to compete, including if our key partners merge or partner with our competitors.

Our competitors include established companies within our industry, including Amazon, Google, IBM, Oracle, Microsoft, and SAP, which are well-capitalized companies with widespread distribution, brand recognition and penetration of platforms and service offerings. The significant purchasing and market power of these larger competitors, which have greater financial resources than we do, could allow them to surpass our market penetration and marketing efforts to promote and sell their offerings and services. In addition, many other companies participate in specific areas of our business, such as enterprise applications, analytic platforms and business intelligence software. In some cases, we may partner with a company in one area of our business and compete with them in another. In particular, in delivering our Teradata Vantage platform in a cloud environment to certain of our customers, we partner with each of Amazon, Google, and Microsoft, which are public cloud service providers. The status of our business relationships with these companies can influence our ability to compete for analytic data solutions opportunities in such areas. In addition, we see additional competition from both established and emerging cloud-only data vendors and open-source providers. Failure to compete successfully with new or existing competitors in these and other areas could have a material adverse impact on our ability to generate additional revenues or sustain existing revenue levels.

Privacy concerns and laws such as the European Union's General Data Protection Regulation, evolving regulation of cloud computing, cross-border data transfer restrictions and other domestic or foreign regulations may limit the use and adoption of our solutions and services and adversely affect our business.

Regulation related to the provision of services over the Internet is evolving, as federal, state and foreign governments continue to adopt new, or modify existing, laws and regulations addressing data privacy and the collection, processing, storage, transfer and use of data. In some cases, new data privacy laws and regulations, such as the European Union's General Data Protection Regulation that took effect in May 2018, the California Consumer Privacy Act, which took effect in January 2020, and an amended Act on the Protection of Personal Information in Japan, expected to take effect in spring 2022, impose new obligations directly on the Company as both a data controller and a data processor, as well as on many of our customers. These new laws may require us to make changes to our solutions and services to enable Teradata and/or our customers to comply with the new legal requirements and may also increase our potential liability exposure through higher potential penalties for non-compliance. Further, laws such as the European Union's proposed e-Privacy Regulation are increasingly aimed at the use of personal information for marketing purposes, and the tracking of individuals' online activities. These new or proposed laws and regulations are subject to differing interpretations and may be inconsistent among jurisdictions. These and other requirements could reduce demand for our solutions and services, require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer and process data or, in some cases, impact our ability to offer our solutions and services in certain locations or our customers' ability to deploy our solutions globally. For example, legal challenges in Europe regarding how companies transfer personal data from the European Economic Area to the United States could result in further limitations on the ability to transfer data across borders, particularly if governments are unable or unwilling to reach new or maintain existing agreements that support cross-border data transfers, such as a replacement for the EU-U.S. and Swiss-U.S. Privacy Shield framework. Additionally, certain countries have passed or are considering passing laws requiring local data residency. The costs of compliance with, and other burdens imposed by, privacy laws, regulations and standards may limit the use and adoption of our solutions and services, reduce overall demand for our solutions and services, make it more difficult to meet expectations from or commitments to customers, lead to significant fines, penalties or liabilities for noncompliance, or slow the pace at which we close sales transactions, any of which could harm our business.

In addition to government activity, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on our ability to provide our solutions and services globally. Our customers expect us to meet voluntary certification and other standards established by third parties, such as related International Organization for Standardization ("ISO") standards. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain customers and could harm our business.

Furthermore, concerns regarding data privacy may cause our customers' customers to resist providing the data necessary to allow our customers to use our solutions and services effectively. Even the perception that the privacy

of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our offerings or services and could limit adoption of our cloud-based solutions.

RISKS RELATED TO HUMAN CAPITAL

We depend on key employees and face competition in hiring and retaining qualified employees.

Our employees and access to talent are critical to our success. Our future success depends on our ability to attract and retain the services of senior management and key personnel in all areas of our Company, including engineering and development, marketing and sales professionals, and consultants. Competition for highly skilled personnel and acquired talent in the IT industry is intense. We have experienced, and may continue to experience, voluntary workforce attrition, including the loss of senior management and key personnel, in part due to the highly-competitive job market in our industry. Furthermore, to advance our cloud-first strategy, we are required to attract and retain talent with expertise in cloud-based technologies, particularly with respect to our engineering and development teams. No assurance can be made that key personnel will remain with us, and it may be difficult and costly to replace such employees and/or obtain qualified talent who are not employees. Competition is heightened for diverse talent as companies, including us, develop and enhance DEI initiatives. Our failure to execute on our key culture initiatives, hire, retain or replace our key personnel could have a material adverse impact on our business operations.

RISKS RELATED TO LEGAL AND REGULATORY MATTERS

We face uncertainties regarding legal proceedings, complex and changing laws and regulations, and other related matters.

In the normal course of business, we are subject to proceedings, lawsuits, claims and other matters, including those that relate to the environment, health and safety, employee benefits, export compliance, intellectual property, a variety of local laws and regulations, and other regulatory compliance and general matters. See "Note 10-Commitments and Contingencies" in the Notes to Consolidated Financial Statements in this Annual Report. Because such matters are subject to many uncertainties, their outcomes are not predictable. There can be no assurances that the amounts required to satisfy alleged liabilities from such matters will not impact future operating results.

In addition, we are subject to diverse and complex laws and regulations, including those relating to corporate governance, public disclosure and reporting, which are rapidly changing and subject to many possible changes in the future. From time to time, we may conduct internal investigations in connection with our efforts to ensure compliance with such laws and regulations, the costs or results of which could impact our financial results. In addition, we may be subject to unexpected costs in connection with new public disclosure or other regulatory requirements that are issued from time to time. Laws and regulations impacting our customers, such as those relating to privacy, data protection and digital marketing, could also impact our future business. Because we do business in the government sector, we are generally subject to audits and investigations which could result in various civil or criminal fines, penalties or administrative sanctions, including debarment from future government business, which could negatively impact the Company's results of operations or financial condition.

In addition, our facilities and operations, including former facilities and former operations for which we may have liabilities, are subject to a wide range of environmental protection laws. There can be no assurances that the costs required to comply with applicable environmental laws will not adversely impact future operating results.

Management time and resources are spent to understand and comply with changing laws, regulations and standards relating to such matters as corporate governance, accounting principles, public disclosure, SEC regulations, and the rules of the NYSE where our shares are listed. Rapid changes in accounting standards, and federal securities laws and regulations, among others, may substantially increase costs to our organization, challenge our ability to timely comply with all of them and could have an impact on our future operating results.

Inadequate protection of Teradata's intellectual property or infringement of intellectual property that is owned by others could impact our business and financial condition.

As a technology company, our intellectual property portfolio is crucial to our continuing ability to be a leading multi-cloud data and analytics platform provider. We strive to protect and enhance our proprietary intellectual property rights through patent, copyright, trademark and trade secret laws, as well as through technological safeguards. These efforts include protection of the offerings and application, diagnostic and other software we develop.

If we are not successful in protecting our intellectual property, our business could be materially adversely impacted. We may be unable to prevent third parties from using our technology without our authorization or independently developing technology that is similar to ours, particularly in those countries where the laws do not protect our proprietary rights as fully as in the United States (such as Iran, China and certain European Eastern Bloc countries who may use NSSAPC to advance their own industries). With respect to our pending patent applications, we may not be successful in securing patents for these claims, and our competitors may already have applied for patents that, once issued, will prevail over our patent rights or otherwise limit our ability to sell our offerings.

While we take steps to provide for confidentiality obligations of employees and third parties with whom we do business (including customers, suppliers and strategic partners), there is a risk that such parties will breach such obligations and jeopardize our intellectual property rights. Many customers have outsourced the administration and management of their data and analytics environments to third parties, including some of our competitors, who then have access to our confidential information. Although we have agreements in place to mitigate this risk, there can be no assurance that such protections will be sufficient. In addition, our ability to capture and re-use field-based developed intellectual property is important to future business opportunities and margins.

We have seen a trend towards aggressive enforcement of intellectual property rights as the functionality of offerings in our industry increasingly overlaps and the volume of issued software patents continues to grow. As a result, we have been, and in the future could be, subject to infringement claims which, regardless of their validity, could:

- Be expensive, time consuming, and divert management attention away from normal business operations;
- Require us to pay monetary damages or enter into non-standard royalty and licensing agreements;
- Require us to modify our product sales and development plans; or
- Require us to satisfy indemnification obligations to our customers.

Regardless of whether these claims have any merit, they can be burdensome to defend or settle and can harm our business, reputation, financial condition and results of operations.

A change in our effective tax rate can have a significant adverse impact on our business.

A number of factors may adversely impact our future effective tax rates, such as:

- The jurisdictions in which our profits are determined to be earned and taxed;
- The resolution of issues arising from tax audits with various tax authorities;
- Changes in the valuation of our deferred tax assets and liabilities;
- Adjustments to estimated taxes upon finalization of various tax returns; and
- Changes in available tax credits, especially surrounding tax credits in the United States for our research and development activities.

Tax rules may change in a manner that adversely affects our future reported results of operations or the way we conduct our business. Further changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project that was undertaken by the Organization for Economic Co-operation and Development ("OECD"). The OECD, which represents a coalition of member countries, recommended changes to numerous long-standing tax principles related to transfer pricing. Our income tax obligations are based in part on our corporate structure and inter-company arrangements, including the manner in which we develop, value, and use our intellectual property and the valuations of our inter-company transactions. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits to determine the appropriateness of our tax provision; however, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes of these audits could have a material impact on our financial condition or results of operations. In addition, governmental authorities in the United States and throughout the world may increase or impose new income taxes or indirect taxes, or revise interpretations of existing tax rules and regulations, as a means of financing the costs of stimulus and other measures enacted or taken,

or that may be enacted or taken in the future. Such actions could have an adverse effect on our results of operations and cash flows.

RISKS RELATED TO OUR FINANCIAL CONDITION

Our indebtedness could adversely affect our financial condition and limit our financial flexibility.

The Company's indebtedness could:

- Expose us to interest rate risk;
- Increase our vulnerability to general adverse economic and industry conditions;
- Limit our ability to obtain additional financing or refinancing at attractive rates;
- Require the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund our growth strategy, working capital, capital expenditures, share repurchases and other general corporate purposes;
- Limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- Place us at a competitive disadvantage relative to our competitors with less debt.

Further, our outstanding indebtedness is subject to financial and other covenants, which may be affected by changes in economic or business conditions or other events that are beyond our control. If we fail to comply with the covenants under any of our indebtedness, we may be in default under the loan, which may entitle the lenders to accelerate the debt obligations. To avoid defaulting on our indebtedness, we may be required to take actions such as reducing or delaying capital expenditures, reducing or eliminating stock repurchases, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital, any of which may not be available on terms that are favorable to us, if at all.

Fluctuations in foreign currency exchange rates have affected our operating results and could continue to impact our revenue and net earnings.

Because the functional currency of most of our foreign activities is the applicable local currency, but our financial reporting currency is the U.S. dollar, we are required to translate the assets, liabilities, expenses, and revenues of our foreign activities into U.S. dollars at the applicable exchange rate in preparing our Consolidated Financial Statements. We operate in 32 countries and are exposed to various foreign currencies in the Americas region (North America and Latin America), EMEA region (Europe, Middle East, and Africa) and APJ region (Asia Pacific and Japan). Accordingly, we face foreign currency exchange rate risk arising from transactions in the normal course of business. Foreign currency exchange rates have affected our revenue and net earnings and could continue to impact our revenue and net earnings. While we actively manage our foreign currency market risk in the normal course of business by entering into various derivative instruments to hedge against such risk, these derivative instruments involve risks and may not effectively limit our underlying exposure to foreign currency exchange rate fluctuations or minimize our net earnings and cash volatility associated with foreign currency exchange rate changes. Further, the failure of one or more counterparties to our foreign currency exchange rate contracts to fulfill their obligations to us could adversely affect our operating results.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

As of December 31, 2021, Teradata operated 58 facilities in 32 countries consisting of approximately 1.1 million square feet throughout the world. Approximately 44% of this square footage is owned and the rest is leased. Within the total facility portfolio, Teradata operates 9 facilities where R&D activity occurs totaling approximately 360 thousand square feet, of which approximately 64% is owned. The remaining approximately 700 thousand square feet of space includes office, repair, warehouse and other miscellaneous sites, and is 33% owned and 67% leased. Teradata believes its facilities are suitable and adequate to meet its current needs. Teradata's corporate headquarters is in San Diego, California.

Item 3. LEGAL PROCEEDINGS

The information required to be set forth under this Item 3 is incorporated by reference to Note 10, Commitments and Contingencies—Legal Proceedings of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Item 4. MINE SAFETY DISCLOSURES

N/A.

PART II

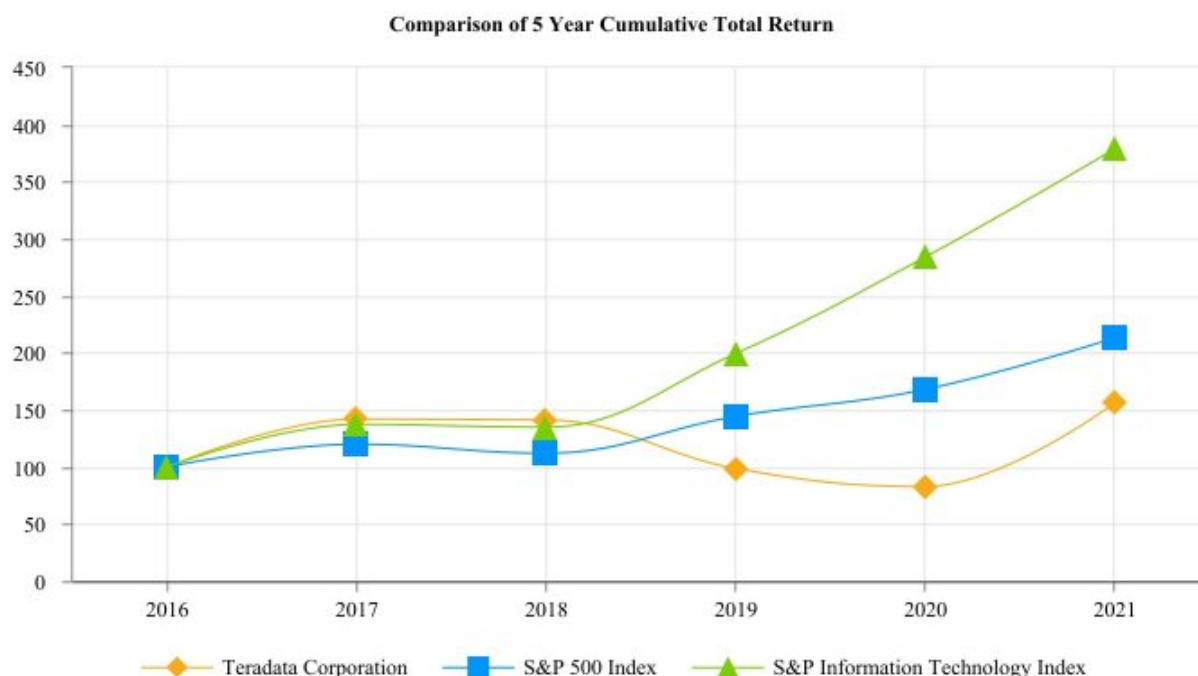
Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Teradata common stock trades on the New York Stock Exchange under the symbol "TDC." There were approximately 24,865 registered holders of Teradata common stock as of February 3, 2022.

Teradata has not paid cash dividends and does not anticipate the payment of cash dividends to holders of Teradata common stock in the immediate future. The declaration of dividends in the future would be subject to the discretion of Teradata's Board of Directors.

The information under the caption "Stock Ownership" and the caption "Current Equity Compensation Plan Information" in Part III, Item 12 of this Annual Report on Form 10-K is also incorporated by reference in this section.

The following graph compares the relative performance of Teradata stock, the Standard & Poor's ("S&P") 500 Stock Index and the S&P Information Technology Index. This graph covers the five-year period from December 31, 2016 to December 31, 2021. In each case, assumes a \$100 investment on December 31, 2016, and reinvestment of all dividends, if any.



Company/Index	As of December 31,					
	2016	2017	2018	2019	2020	2021
Teradata Corporation	\$ 100	\$ 142	\$ 141	\$ 99	\$ 83	\$ 156
S&P 500 Index	\$ 100	\$ 119	\$ 112	\$ 144	\$ 168	\$ 213
S&P Information Technology Index	\$ 100	\$ 137	\$ 135	\$ 199	\$ 284	\$ 378

Purchases of Equity Securities by the Issuer and Affiliated Purchases

Section 16 officers occasionally transfer vested shares earned under restricted share awards to the Company at the current market price to cover their withholding taxes. For the year ended December 31, 2021, the total of these purchases was 400,932 shares at an average price of \$41.35 per share.

The following table provides information relating to the Company's repurchase of common stock for the year ended December 31, 2021:

Period	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
First quarter total	2,587,904	\$ 32.94	532,631	2,055,273	\$ 3,379,199	\$ 351,832,159
Second quarter total	847,293	\$ 42.52	125,965	721,328	\$ 4,074,322	\$ 321,236,126
Third quarter total	1,084,120	\$ 53.48	218,421	865,699	\$ 1,410,950	\$ 275,145,619
October 2021	342,346	\$ 56.70	14,918	327,428	\$ 1,570,088	\$ 256,592,369
November 2021	646,088	\$ 50.20	15,180	630,908	\$ 1,155,436	\$ 1,225,015,586
December 2021	315,471	\$ 41.64	21,264	294,207	\$ 371,196	\$ 1,212,770,526
Fourth quarter total	1,303,905	\$ 49.84	51,362	1,252,543	\$ 371,196	\$ 1,212,770,526
2021 Full year total	5,823,222	\$ 41.94	928,379	4,894,843	\$ 371,196	\$ 1,212,770,526

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 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 November 1, 2021, Teradata's Board of Directors authorized an additional \$1 billion to be utilized to repurchase Teradata common stock under this share repurchase program. The general share repurchase program expires on December 31, 2025.

Item 6. [Reserved]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

You should read the following discussion in conjunction with the consolidated financial statements and the notes to those statements included in this Annual Report on Form 10-K ("Annual Report"). This Annual Report 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 several factors, including those discussed in other sections of this Annual Report. See "Risk Factors" and "Forward-looking Statements."

OVERVIEW

Teradata is a provider of a leading connected multi-cloud data platform for enterprise analytics, focused on helping companies leverage all their data across an enterprise, at scale. In doing so, we help companies to find answers to their toughest business challenges. All of our efforts are in support of our purpose of transforming how businesses work and people live through the power of data. Our platform is composed of our data platform – Teradata Vantage

– which is designed to run across on-premises, private cloud and public cloud environments. This platform is supported by business consulting and support services that enable customers to extract insights from across a company's entire data and analytics ecosystem. Teradata's strategy is discussed under Part I, Item I of this Annual Report on Form 10-K.

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, increasing our focus on diversity and inclusiveness, and driving operational excellence and agility across the company.

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 value at a point in time of all recurring contracts, including subscription, cloud, software upgrade rights, and maintenance. ARR does not include managed services and third-party software.
- Public Cloud ARR (included within total ARR) - annual value at a point in time of all contracts related to public cloud implementations of Teradata Vantage and does not include ARR related to private or managed cloud implementations.
- Cloud Net Expansion Rate - Teradata calculates its last-twelve months dollar-based cloud net expansion rate as of a fiscal quarter end as follows. We identify the ARR for active cloud customers in the fiscal quarter ending one year prior to the given fiscal quarter (the "base period"). We then identify the cloud ARR in the given fiscal quarter (the "current period") from the same set of active cloud customers as the base period, including increases in usage, as well as reductions and cancellations, and additional conversions of on-premises revenues to the cloud for customers active in the base period, all in constant currency. The quarterly dollar-based, cloud net expansion rate is calculated by taking the ARR from the current period and dividing by the ARR from the base period. The last twelve-month dollar-based cloud net expansion rate is calculated by taking the average of the quarterly dollar-based cloud net expansion rate from the last fiscal quarter and the prior three fiscal quarters.

COVID-19 Update

During the twelve months ended December 31, 2021, the effects of the coronavirus ("COVID-19") pandemic and the related actions by governments around the world to attempt to contain the spread of the virus impacted our business globally as described below.

In response to the pandemic, we took actions to manage expenses and costs appropriately in light of the uncertainty COVID-19 has created, which has had a positive impact on our operating performance. We continue to monitor COVID-19 impacts to our business and have undertaken additional expense management and cost measures to further drive our operating performance and provide agility in the event of an unforeseen reduction in demand should it occur. During 2021, we also experienced increased volatility in foreign currency exchange rates, in part related to the uncertainty from COVID-19, as well as actions taken by governments and central banks in response to COVID-19. Certain foreign currency rates have depreciated significantly against the U.S. dollar during this period. We expect continued volatility in foreign currency exchange rates in 2022.

Our supply chain has been relatively stable with respect to manufacturing and distribution capabilities during COVID-19; however, our supply chain is susceptible to volatility due to ongoing uncertainty as a result of ongoing international and domestic pandemic response and recovery efforts. Operationally, we have been able to run our business without significant interruptions, with the vast majority of employees working remotely. While consulting revenue is still impacted by work from home and travel restrictions, we have modified our business approach where applicable to work with customers remotely. Our customers' reduction in discretionary spending in light of COVID-19 uncertainties has also impacted our consulting business, with consulting projects being delayed or suspended by our customers. We implemented several employee engagement and communication programs designed to support employees' health and well-being while also enhancing their productivity during the pandemic.

Our priorities in formulating and implementing our response to the COVID-19 pandemic and related business disruption include the following:

- People - protecting the health and well-being of our employees,
- Customers - proactively connecting with our customers to support their needs and meet our service level commitments, while continuing to help them gain real business value from their data assets,
- Supply Chain - proactively working to monitor existing inventory, supplier availability and securing inventory for future quarters,
- Financial - responsibly managing expenses and costs to provide financial agility during the extended period of global economic uncertainty,
- Global Community - having our technology contribute to customers, partners and communities, particularly in healthcare and government, where collectively we can positively impact efforts in combating COVID-19, and
- Future of Work - learning from productivity improvements and understanding our employees' preferences for their work location to implement a work model that reflects the future of work for the Company.

As of the date of this Annual Report on Form 10-K, we are continuing to execute our pandemic response plan, and the Teradata Pandemic Response Team is refining and executing return-to-office plans. Under our return-to-office plans, none of our employees are required to return to an office environment and can choose to continue to work remotely or under a hybrid model. For employees choosing to return to the office environment, certain safety protocols will be required to be followed. 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. 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 intend to remain agile and have contingency plans in place to appropriately respond to conditions as they unfold. For more information, see "Risk Factors" under Part I, Item 1A of this Annual Report on Form 10-K.

2021 FINANCIAL OVERVIEW

As more fully discussed in later sections of this MD&A, the following are the financial highlights for 2021:

- Revenue of \$1,917 million increased by 4% in 2021 as compared to 2020, with an underlying 12% increase in recurring revenue primarily driven by our transition from perpetual to subscription-based transactions. The increase in recurring revenue was partially offset by a 28% decrease in perpetual software licenses, hardware and other revenue and a 10% decrease in consulting services revenue. The decline in consulting service revenue is primarily due to our focus on higher-margin engagements.
- Gross profit was 61.9% in 2021, an increase from 55.5% in 2020, primarily due to a higher recurring revenue mix as compared to the prior year.
- Operating expenses in 2021 decreased by 5% as compared to 2020, primarily driven by a lower employee cost base resulting from the workforce reduction measures taken in 2020.
- Operating income was \$231 million in 2021, up from \$16 million in 2020.
- Net income was \$147 million in 2021 versus net income of \$129 million in 2020, primarily due to improved revenue mix and lower operating expenses. Diluted net earnings per share was \$1.30 in 2021 compared to diluted earnings per share of \$1.16 in 2020.

RESULTS FROM OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

In July 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2019-07, "Codification Updates to SEC Sections-Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification", which makes a number of changes meant to simplify certain disclosures in financial condition and results of operations, particularly by eliminating year-to-year comparisons between prior periods previously disclosed. In accordance with the relevant aspects of the rule covering the current year annual report, we now include disclosures on results of operations for fiscal year 2021 versus 2020 only. For discussion of fiscal year 2020 versus 2019 see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report filed with the SEC for the fiscal year ended December 31, 2020.

Revenue

In millions	2021	% of Revenue	2020	% of Revenue
Recurring	\$ 1,464	76.4 %	\$ 1,309	71.3 %
Perpetual software license, hardware and other	77	4.0 %	107	5.8 %
Consulting services	376	19.6 %	420	22.9 %
Total revenue	\$ 1,917	100 %	\$ 1,836	100 %

2021 compared to 2020 - Total revenue increased 4% in 2021 and included a 1% positive impact from foreign currency fluctuations. Recurring revenue grew 12% in 2021 and included a 1% positive impact from foreign currency fluctuations. Recurring revenue was positively impacted primarily due to a higher base of revenue driven by continued growth in public cloud and subscription ARR during 2020 and 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 resulting in approximately \$30 million of net positive impact in 2021 compared to 2020. For full year 2022, recurring revenue is expected to grow at a low-to-mid-single-digit percentage year-over-year. Taking into consideration the growth in recurring revenue offset by reduced perpetual software licenses, hardware and other revenue and reduced consulting services revenue, total revenue is expected to be flat-to-low-single-digit percentage growth year-over-year.

Revenues from perpetual software licenses, hardware and other were down 28% in 2021, as customers continue to transition to our subscription-based offerings, consistent with our overall strategy. Aligned with our strategy, we expect perpetual software licenses, hardware and other revenue to decline in 2022.

Consulting services revenue decreased 10%, including a 2% positive impact from foreign currency fluctuations, primarily due to the realignment and focus of our consulting resources on higher-margin engagements that are intended to drive increased software consumption within our targeted customer base. Consistent with our continued focus on higher-margin engagements that further our strategy, we are forecasting a low-double-digit decline year-over-year in 2022 consulting services revenue.

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 January 31, 2022, Teradata is estimating a 2.0%-to-2.5% negative impact from currency translation on our 2022 full-year total revenues.

Included below are financial and performance growth metrics that we used to monitor the progress of our transformation, success of our business strategy, and overall financial condition of Teradata for 2021:

- ARR was \$1.492 billion at the end of 2021, a 5% increase from \$1.425 billion at the end of 2020; and
- Public Cloud ARR was \$202 million at the end of 2021, a 91% increase from \$106 million at the end of 2020.

Our ARR is composed of three main categories: (1) Public Cloud ARR, (2) ARR related to on-premises subscription-based contracts and private cloud ("Subscription ARR"), and (3) ARR related to our legacy perpetual maintenance and software upgrade rights. At December 31, 2021, our ARR consisted of:

- \$202 million in Public Cloud ARR;
- \$898 million in Subscription ARR; and
- \$392 million in maintenance and software upgrade rights ARR.

Public Cloud ARR increased 91% versus the prior year primarily due to on-premises customers migrating to Teradata Vantage in the cloud along with strong net expansion rates in excess of 130%. Subscription ARR increased 8% in 2021 from the prior year due to expansions of existing customers and new customer logos. Our maintenance and software upgrade rights ARR declined 20% compared to 2020. This was expected as the Company continued its transition to a subscription model and customers increasingly purchased Teradata on a subscription and/or public cloud basis. Our overall ARR growth was driven by increased participation by cloud specialists on our account teams, increasing partner involvement on existing customer migrations and new logo accounts. For the full year 2022, Public Cloud ARR is expected to increase by approximately 80% year-over-year. Total ARR is expected to grow at a mid-to-high-single-digit percentage year-over-year.

Gross Profit

The Company often uses specific terms and definitions to describe variances in gross profit. The terms and definitions most often used are as follows:

- **Revenue Mix** - The proportion of recurring, consulting, and perpetual software licenses and hardware that generates the total revenue of the Company. Changes in revenue mix can have an impact on gross profit even if total revenue remains unchanged.
- **Recurring Revenue Mix** - The proportion of various recurring revenue offerings that comprise the total of recurring revenue. For example, a higher mix of on-premises subscriptions including hardware rentals could have a negative impact on total recurring gross profit.
- **Deal Mix** - Refers to the type of transactions closed within the period that generate the total perpetual software license and hardware revenue. For example, a higher mix of Teradata versus third-party products can impact profitability.

Gross profit for the following years ended December 31 was as follows:

In millions	2021	% of Revenue	2020	% of Revenue
Gross profit				
Recurring	\$ 1,099	75.1 %	\$ 938	71.7 %
Perpetual software licenses, hardware and other	34	44.2 %	43	40.2 %
Consulting services	53	14.1 %	38	9.0 %
Total gross profit	\$ 1,186	61.9 %	\$ 1,019	55.5 %

2021 compared to 2020 - 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 primarily resulting from improved operating efficiencies of our subscription and cloud offerings and partially offset by the higher mix as a result of our customers transitioning to cloud. Upfront revenue recognition of certain renewed and expanded on-premises customer arrangements, as 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 profit dollar realization from our continued strategic focus to improve consulting margins by executing on higher-value projects. The Company expects to continue to focus our consulting organization on Teradata Vantage-oriented offerings and reduce our footprint in non-core consulting engagements.

For 2022, we expect overall gross profit as a percentage of revenue to be slightly lower than 2021. Recurring gross margin is expected to be lower due to a higher mix of cloud revenue at a similar gross margin rate as 2021. We are

also investing in activities that continue to drive increased adoption and consumption of Teradata Vantage, including greater efficiencies with cloud service providers, offset by enhancements to our consumption pricing model. In addition, we are forecasting less of a positive impact from upfront recurring revenue that benefited our results in 2021. Consulting services margin is expected to be at a similar gross margin rate as 2021, and we anticipate lower gross margin rates in perpetual software licenses, hardware and other in 2022 compared to 2021.

Operating Expenses

In millions	2021	% of Revenue	2020	% of Revenue
Operating expenses				
Selling, general and administrative expenses	\$ 646	33.7 %	\$ 669	36.4 %
Research and development expenses	309	16.1 %	334	18.2 %
Total operating expenses	\$ 955	49.8 %	\$ 1,003	54.6 %

2021 compared to 2020 - The decrease in selling, general and administrative ("SG&A") expense was primarily driven by a lower employee cost base resulting from workforce reduction measures in 2020, reduced travel and marketing spend as compared to the prior year pre-pandemic period (January - March 2020), and continued cost discipline as compared to prior year. This decrease in SG&A expense was partially offset by higher variable incentive compensation that was tied to Teradata's financial performance, higher cloud sales incentive compensation expenses, and additional investments in our go-to-market operations to further our transformation and cloud-first strategic focus.

R&D expenses decreased in 2021 as compared to the prior year. R&D expenses were impacted by a lower employee cost base resulting from workforce reduction measures in 2020 and continued cost discipline as compared to the prior year partially offset by an increase in spending to focus our R&D efforts on accelerating our transformation and cloud-first strategy and related cloud initiatives, as well as higher variable incentive compensation expense due to Teradata's positive financial performance.

We expect total operating expenses to increase in 2022 as we are accelerating our investments in cloud R&D, go-to-market, and customer success to drive growth and lifetime value with new and existing customers.

Other Expense, net

In millions	2021	2020
Interest income	\$ 6	\$ 4
Interest expense	(26)	(27)
Other	(19)	(17)
Total Other Expense, net	\$ (39)	\$ (40)

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

Provision for Income Taxes

The effective income tax rate for the following years ended December 31 was as follows:

	2021	2020
Effective Tax Rate	23.4 %	637.5 %

The 2021 effective tax rate included a net \$8 million of discrete tax benefit, of which \$3 million of tax benefit was related to true-up adjustments to reconcile the Company's 2020 U.S. tax return versus the preliminary estimate as booked in its tax provision for the year ended December 31, 2020 and \$2 million of tax benefit related to a reduction in the Transition Tax based on the Company's amended 2017 tax return. In addition, the Company recognized \$4 million of incremental tax benefit related to stock-based compensation. These tax benefits were partially offset by

\$1 million of discrete tax expense related to adjustments to the Company's accrual for unrecognized tax benefits in accordance with FIN 48.

The 2020 effective tax rate included a net \$157 million of discrete tax benefit. The net discrete tax benefit of \$157 million was recorded and relates to the transfer of foreign intellectual property as more fully described in Note 6 of Notes to Consolidated Financial Statements. In addition, the Company recognized a net \$13 million of tax benefit resulting from the CARES Act of 2020, which allows U.S. corporations a one-time opportunity to claim income tax refunds by allowing a 5-year net operating loss ("NOL") carry-back for taxable losses incurred in the tax year 2020. Teradata intends to carry back its 2020 NOL to claim a refund for taxes it paid in 2015, which created a one-time income tax benefit for the difference between the 35% 2015 carry back tax rate and the current 21% federal statutory rate. These tax benefits were partially offset by \$9 million tax expense related to stock-based compensation and \$4 million of incremental global intangible low-taxed income ("GILTI") tax. These discrete net tax benefits resulted in full-year total income tax benefit in 2020 of \$153 million, on a pre-tax net loss of \$24 million, causing a tax rate of 637.5%.

The Company is expecting its full-year effective tax rate for 2022 to be approximately 32%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction and the estimated discrete items to be recognized in 2022. The forecasted tax rate is based on the overseas profits being taxed at an overall effective tax rate of approximately 27%, as compared to the federal statutory tax rate of 21% in the U.S.

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 14 of Notes to Consolidated Financial Statements.

The following table presents revenue and operating performance by segment for the years ended December 31:

In millions	2021	% of Revenue	2020	% of Revenue
Segment revenue				
Americas	\$ 1,044	54.5 %	\$ 1,025	55.8 %
EMEA	543	28.3 %	485	26.4 %
APJ	330	17.2 %	326	17.8 %
Total segment revenue	<u>\$ 1,917</u>	<u>100 %</u>	<u>\$ 1,836</u>	<u>100 %</u>
Segment gross profit				
Americas	\$ 690	66.1 %	\$ 631	61.6 %
EMEA	337	62.1 %	273	56.3 %
APJ	188	57.0 %	168	51.5 %
Total segment gross profit	<u>\$ 1,215</u>	<u>63.4 %</u>	<u>\$ 1,072</u>	<u>58.4 %</u>

2021 compared to 2020

Americas

Americas revenue increased 2% with no underlying impact from foreign currency fluctuations. An increase in Americas recurring revenue of 8% was partially offset by a decrease of 49% in perpetual software licenses and

hardware revenue and a decrease in consulting revenue of 15%. Segment gross profit, as a percentage of revenues, was higher primarily due to an overall higher mix of recurring revenue.

EMEA

EMEA revenue increased 12%, which included a 3% favorable impact from foreign currency fluctuations. An increase of 19% in EMEA recurring revenue and 1% in consulting revenue was partially offset by a decrease of 5% in perpetual software licenses and hardware revenue. EMEA segment gross profit, as a percentage of revenues, was higher primarily due to a higher mix of recurring revenue.

APJ

APJ revenue increased 1%, which included a 3% favorable impact from foreign currency fluctuations. An increase in APJ recurring revenue of 16% was partially offset by a decrease of 24% in perpetual software licenses and hardware revenue and a decrease in consulting revenue of 17%. APJ 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

Teradata ended 2021 with \$592 million in cash and cash equivalents, a \$63 million increase from December 31, 2020, after using approximately \$244 million for repurchases of Company common stock during the year. Cash provided by operating activities increased by \$196 million to \$463 million in 2021 compared to 2020. Teradata used approximately \$40 million of cash in 2021 for reorganizing and restructuring its operations and go-to-market functions to align to its cloud-first strategy, as compared to \$58 million used in 2020 for this purpose. The increase in cash provided by operating activities was primarily due to improved profitability and differences in timing of various components of working capital.

Teradata's management uses a non-GAAP measure called "free cash flow," which is not a measure defined under GAAP. We define free cash flow as net cash provided by operating activities less capital expenditures for property and equipment and additions to capitalized software. Free cash flow is one measure of assessing the financial performance of the Company, and this may differ from the definition used by other companies. The components that are used to calculate free cash flow are GAAP measures taken directly from the Consolidated Statements of Cash Flows. 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 repurchase 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 capital expenditures for the following periods:

In millions	2021	2020
Net cash provided by operating activities	\$ 463	\$ 267
Less:		
Expenditures for property and equipment	(28)	(44)
Additions to capitalized software	(3)	(7)
Free cash flow	<u>\$ 432</u>	<u>\$ 216</u>

Financing activities and certain other investing activities are not included in our calculation of free cash flow. There were no other investing activities in 2021 and 2020.

Teradata's financing activities for the year ended December 31, 2021 primarily consisted of cash outflows of \$244 million for share repurchases, repayment of our term loan of \$44 million and \$92 million of payments on finance leases, partially offset by \$24 million net inflows from other financing activities.

Teradata's financing activities for the year ended December 31, 2020 primarily consisted of cash outflows of \$100 million for share repurchases, repayment of our term loan of \$25 million and \$70 million of payments on finance leases, partially offset by \$9 million net inflows from other financing activities.

The Company purchased 5.8 million shares of its common stock at an average price per share of \$41.94 in 2021 and 4.8 million shares of its common stock at an average price per share of \$20.81 in 2020.

Share repurchases were made under two share repurchase programs initially authorized by our Board of Directors in 2008. The first of these programs (the "dilution offset program") authorizes 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. As of December 31, 2021, under the Company's second share repurchase program (the "general share repurchase program"), the Company had approximately \$1,213 million of authorization remaining to repurchase outstanding shares of Teradata common stock. Share repurchases made by the Company are reported on a trade date basis. As part of its general share repurchase program, on February 9, 2022, the Company entered into a \$250 million accelerated share repurchase agreement with JP Morgan as described in more detail in Note 17 of Notes to Consolidated Financial Statements.

Proceeds from the ESPP and the exercise of stock options, net of tax paid for shares withheld upon equity award settlement, were \$24 million in 2021 and \$9 million in 2020. These proceeds are included in other financing activities, net in the Consolidated Statements of Cash Flows.

Our total cash and cash equivalents held outside the United States in various foreign subsidiaries was \$401 million as of December 31, 2021 and \$338 million as of December 31, 2020. The remaining balance held in the United States was \$191 million as of December 31, 2021 and \$191 million as of December 31, 2020. The Company considers a majority of its foreign earnings as not indefinitely reinvested outside 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 this Annual Report. If the Company is unable to generate sufficient cash flows from operations, or otherwise to comply with the terms of the credit facility and term loan agreement, the Company may be required to seek additional financing alternatives.

Long-Term Debt. Our long-term debt and minimum debt obligations as of December 31, 2021, including our Credit Facility are discussed in Note 12 of Notes to Consolidated Financial Statements.

Leases. In the normal course of business, the Company enters into operating and finance leases that impact, or could impact, our liquidity. Leases and minimum lease obligations as of December 31, 2021 are described in detail in Note 13 of Notes to Consolidated Financial Statements.

Contractual and Other Commercial Commitments. In the normal course of business, we enter into various contractual obligations that impact, or could impact, our liquidity. The following table and discussion outline our material obligations at December 31, 2021, with projected cash payments in the periods shown:

In millions	Total Amounts	2022	2023- 2024	2025- 2026	2027 and Thereafter
Transition tax	\$ 69	\$ —	\$ 40	\$ 29	\$ —
Purchase obligations	611	170	279	162	—
Total transition tax and purchase obligations	<u>\$ 680</u>	<u>\$ 170</u>	<u>\$ 319</u>	<u>\$ 191</u>	<u>\$ —</u>

Transition tax is the remaining payable balance as of December 31, 2021 of the one-time tax on accumulated foreign earnings resulting from the 2017 Tax Act. The payments associated with this deemed repatriation will be

paid over seven years ending in 2025. Purchase obligations are committed purchase orders and other contractual commitments for goods and services and include non-cancelable contractual payments for fixed or minimum amounts to be purchased in relation to service agreements with various vendors for ongoing telecommunications, information technology, hosting and other services.

Additionally, the Company had \$43 million of unrecognized tax benefits recorded on its balance sheet as of December 31, 2021, of which \$22 million is recorded in non-current liabilities, \$2 million is reflected as a current liability in taxes payable, and \$19 million is reflected as an offset to deferred tax assets related to certain tax attribute carryforwards. These items are not included in the table of obligations shown above. The settlement period for the non-current income tax liabilities cannot be reasonably estimated as the timing and the amount of the payments, if any, will depend on possible future tax examinations with the various tax authorities. However, the Company expects that \$2 million in payments will be due within the next 12 months.

We also have postemployment and international pension obligations that may affect future cash flow. These items are not included in the table of obligations shown above. The Company is also potentially subject to concentration 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 our behalf. Although many of these components are available from multiple sources, Teradata utilizes preferred supplier relationships to better ensure more consistent 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 or components that may be in excess of demand. Postemployment and pension obligations are described in detail in "Note 8—Employee Benefit Plans" in the Notes to Consolidated Financial Statements.

Off-Balance Sheet Arrangements. We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes.

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.

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 paragraphs below. Teradata's senior management has reviewed these critical accounting policies and related disclosures with the Audit Committee of Teradata's Board of Directors. For additional information regarding our accounting policies and other disclosures required by GAAP, see "Note 1—Description of Business, Basis of Presentation and Significant Accounting Policies" in the Notes to Consolidated Financial Statements.

Revenue Recognition

On January 1, 2018, we adopted ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). This standard replaced existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. Refer to Notes 1 and 3, of our audited consolidated financial statements included in this Annual Report on Form 10-K for discussion of our revenue recognition policies.

Revenue recognition for complex contractual arrangements requires judgment, including a review of specific contracts, past experience, creditworthiness of customers, international laws and other factors. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. We must also apply judgment in determining all performance obligations in the contract and in determining the standalone selling price of each performance obligation, considering the price charged for each product when sold on a standalone basis and applicable renewal rates for services and subscriptions. Changes in judgments about these factors could impact the timing and amount of revenue recognized between periods.

The Company reviews the standalone selling price on a periodic basis and updates it, when appropriate, to ensure that the practices employed reflect the Company's recent pricing experience. The Company maintains internal controls over the establishment and updates of these estimates, which includes review and approval by the Company's management. For the year ended December 31, 2021 there was no material impact to revenue resulting from changes in the standalone selling price, nor does the Company expect a material impact from such changes in the near term.

Income Taxes

In accounting for income taxes, we recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The deferred tax assets and liabilities are determined based on the enacted tax rates expected to apply in the periods in which the deferred tax assets or liabilities are expected to be settled or realized. The Company made an accounting policy election in 2018 related to the 2017 Tax Act to provide for the tax expense related to GILTI in the year the tax is incurred.

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. The Company considers a majority of its foreign earnings not indefinitely reinvested outside of the United States. However, these distributions may be subject to non-U.S. withholding taxes if profits are distributed from certain jurisdictions; accordingly, the Company has recorded \$4 million of deferred foreign tax expense with respect to certain earnings that are not considered permanently reinvested. Deferred taxes have not been provided on earnings considered indefinitely reinvested.

We account for uncertainty in income taxes by prescribing thresholds and attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We record any interest and/or penalties related to uncertain tax positions in the income tax expense line on our Consolidated Statements of Income. As of December 31, 2021, the Company has a total of \$43 million of unrecognized tax benefits, of which \$22 million is included in the other liabilities section of the Company's consolidated balance sheet as a non-current liability and \$2 million is reflected as a current liability in taxes payable. The remaining balance of \$19 million of uncertain tax positions relates to certain tax attributes generated by the Company which are netted against the underlying deferred tax assets recorded on the balance sheet.

We regularly review our deferred tax assets for recoverability and establish a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. We have recorded \$58 million in 2021 and \$51 million in 2020 for valuation allowances, a majority of which offset our California R&D tax credit carryforward, as the Company expects to continue to generate excess California R&D tax credits into the foreseeable future.

On January 1, 2020, we transferred certain of our intellectual property among our wholly-owned subsidiaries, which resulted in the recognition of deferred tax assets of \$157 million. The recognition of deferred tax assets from intra-entity transfers of intellectual property required us to make significant estimates and assumptions to determine the

fair value of such intellectual property. Significant assumptions in valuing the intellectual property include, but are not limited to, internal revenue and expense forecasts, and the discount rate. The sustainability of our future tax benefits is dependent upon the acceptance of these valuation estimates and assumptions by the taxing authorities.

Stock-based Compensation

We issue service-based and performance-based restricted share units. We measure compensation cost for service-based restricted share unit awards at fair value and recognize compensation expense over the service period. Our performance-based restricted share units vest only if specific performance conditions are satisfied. The number of shares that will be earned pursuant to our performance-based restricted share unit awards can vary based on actual performance. No shares will vest if the threshold objectives are not met. In the event the objectives are exceeded, additional shares will vest up to a maximum payout. The cost of our performance-based restricted share awards is expensed over the performance period based upon management's estimate and analysis of the probability of meeting the performance criteria. Because the actual number of shares to be awarded is not known until the end of the performance period, the actual compensation expense related to our performance-based restricted share unit awards could differ from our current expectations. We account for forfeitures for both service-based and performance-based restricted share units as they occur instead of estimating forfeitures at the time of grant and revising those estimates in subsequent periods if actual forfeitures differ from our estimates.

Goodwill and Acquired Intangible Assets

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. For 2019, the Company performed a quantitative impairment test. In this test, the Company compares the fair value of each reporting unit to its carrying value. The Company typically determines the fair value of its reporting units using a weighting of fair values derived from the income and market approaches. Under the income approach, the Company calculates the fair value of a reporting unit based on the present value of estimated future cash flows. The market approach estimates fair value based on market multiples of revenue and earnings derived from comparable companies with similar operating and investment characteristics as the reporting unit. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company records an impairment loss equal to the difference. In the fourth quarter of 2021, the Company performed its annual impairment test of goodwill and determined that no impairment to the carrying value of goodwill was necessary.

Determining the fair value of goodwill and acquired intangibles is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, discount rates and future economic and market conditions. The Company's estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. These valuations require the use of management's assumptions, which may not reflect unanticipated events and circumstances that may occur.

Leases

On January 1, 2019, the Company adopted ASU No. 2016-02, "Leases (Topic 842)", which requires leases with durations greater than twelve months to be recognized on the balance sheet. We determine if a contract contains a lease at inception. Our material operating leases primarily consist of automobiles in certain countries and real estate, including office, storage and parking space. Our operating leases generally have remaining terms of 2-5 years. Our finance leases primarily consist of equipment financed for the purpose of delivering services to our customers and generally have terms of 3 years.

Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, when available, we use the rate implicit in the lease. However, real estate leases do not typically provide a readily determinable implicit rate. Therefore, we estimate the incremental

borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate used in the calculation of the lease liability is based on the secured rate associated with financed lease obligations for each location of leased property. Many of our leases include variable rental escalation clauses which are recognized when incurred. Some of our leases also include renewal options and/or termination options that are factored into the determination of lease payments and lease terms when it is reasonably certain that the Company will exercise these options. Lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Changes in judgments and estimates, such as the likelihood of renewal options, impairments, or the incremental borrowing rate could impact the amounts of assets or liabilities recorded or could impact the amount of cost or expense recognized between periods.

Pension and Postemployment Benefits

We measure pension and postemployment benefit costs and credits using actuarial valuations. Actuarial assumptions attempt to anticipate future events and are used in calculating the expense and liability relating to these plans. These factors include assumptions we make about interest rates, expected investment return on plan assets, total and involuntary turnover rates, and rates of future compensation increases. In addition, our actuarial consultants also use subjective factors such as withdrawal rates and mortality rates to develop our valuations. We review and update these assumptions on an annual basis at the beginning of each fiscal year. We are required to consider current market conditions, including changes in interest rates, in making these assumptions. The actuarial assumptions that we use may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, or longer or shorter life spans of participants. These differences may result in a significant impact to the measurement of our pension and postemployment benefit obligations and to the amount of pension and postemployment benefits expense we have recorded or may record. For example, as of December 31, 2021, a one-half percent increase/decrease in the discount rate would change the projected benefit obligation of our pension plans by approximately \$11 million, and a one-half percent increase/decrease in our involuntary turnover assumption would change our postemployment benefit obligation by approximately \$8 million.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

A discussion of recently issued accounting pronouncements is described in "Note 1—Description of Business, Basis of Presentation and Significant Accounting Policies" in the Notes to Consolidated Financial Statements in this Annual Report, and we incorporate such discussion by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company employs a foreign currency hedging strategy to limit potential losses in earnings or cash flows from adverse foreign currency exchange rate movements. Foreign currency exposures arise from transactions denominated in a currency other than the Company's functional currency and from foreign denominated revenue and profit translated into U.S. dollars. The Company operates in 32 countries and is exposed to various foreign currencies in the Americas region (North America and Latin America), EMEA region (Europe, Middle East, and Africa) and APJ region (Asia Pacific and Japan). Exposures are hedged with foreign currency forward contracts with maturity dates of twelve months or less. The potential loss in fair value at December 31, 2021, for such contracts resulting from a hypothetical 10% adverse change in all foreign currency exchange rates is approximately \$4 million. This loss would be mitigated by corresponding gains on the underlying exposures.

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 12 - Debt" in the Notes to Consolidated Financial Statements in this Annual Report. 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 facility. The notional amount of the hedge will step-down according to the amortization schedule of the term loan. The fair value of these contracts and swaps are measured at the end of each reporting period using observable inputs other than quoted prices, specifically market spot and forward exchange rates. The fair value of interest rate swaps recorded in other liabilities at December 31, 2021 was \$12 million. A hypothetical 50 basis point increase/decrease in interest rates would result in an increase/decrease to the fair value of the hedge of approximately \$2 million.

For additional information regarding the Company's foreign currency hedging strategy and interest rate swaps, see "Note 9 - Derivative Instruments and Hedging Activities" in the Notes to Consolidated Financial Statements in this Annual Report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Teradata Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Teradata Corporation and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income (loss), of comprehensive income (loss), of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - Evaluation of Nonstandard Terms and Conditions with Customers

As described in Notes 1 and 3 to the consolidated financial statements, the Company has \$1,917 million of total revenue for the year ended December 31, 2021, of which a significant portion is generated from revenue with contracts which contain multiple performance obligations. When the Company enters into contracts with multiple performance obligations, management allocates the contract's transaction price to each performance obligation using the relative standalone selling price of each distinct good or service in the contract. As disclosed by management, revenue recognition for complex contractual arrangements requires judgment, including a review of specific contracts and other factors. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including the determination whether promised goods or services are capable of being distinct and distinct within the context of the contract. If these criteria are not met, the promised goods or services are combined with other goods or services and accounted for as a combined performance obligation.

The principal considerations for our determination that performing procedures relating to revenue recognition, specifically related to the evaluation of nonstandard terms and conditions with customers, is a critical audit matter are the significant judgment by management in evaluating the impact of nonstandard terms and conditions with customers on revenue recognition and determining the appropriate revenue recognition. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures to evaluate the impact of nonstandard terms and conditions on revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the evaluation of the impact of nonstandard terms and conditions with customers on revenue recognition. These procedures also included, among others (i) evaluating and testing management's process for determining whether the criteria for revenue recognition have been met based on the specific terms and performance under the arrangement, and (ii) examining revenue arrangements on a test basis, which included evaluating the impact of nonstandard terms and conditions with

customers on revenue recognition.

/s/ PricewaterhouseCoopers LLP
Atlanta, GA
February 25, 2022

We have served as the Company's auditor since 2007.

TERADATA CORPORATION
Consolidated Statements of Income (Loss)
In millions, except per share amounts

	For the Years Ended December 31		
	2021	2020	2019
Revenue			
Subscription software licenses	\$ 303	\$ 217	\$ 152
Services and other	1,161	1,092	1,065
Total recurring	1,464	1,309	1,217
Perpetual software licenses, hardware and other	77	107	140
Consulting services	376	420	542
Total revenue	1,917	1,836	1,899
Cost of revenue			
Subscription software licenses	12	29	29
Services and other	353	342	302
Total recurring	365	371	331
Perpetual software licenses, hardware and other	43	64	110
Consulting services	323	382	503
Total cost of revenue	731	817	944
Gross profit	1,186	1,019	955
Operating expenses			
Selling, general and administrative expenses	646	669	618
Research and development expenses	309	334	327
Total operating expenses	955	1,003	945
Income from operations	231	16	10
Other expense, net			
Interest expense	(26)	(27)	(26)
Interest income	6	4	12
Other expense	(19)	(17)	(9)
Total other expense, net	(39)	(40)	(23)
Income (loss) before income taxes	192	(24)	(13)
Income tax expense (benefit)	45	(153)	7
Net income (loss)	\$ 147	\$ 129	\$ (20)
Net income (loss) per weighted average common share			
Basic	\$ 1.35	\$ 1.18	\$ (0.18)
Diluted	\$ 1.30	\$ 1.16	\$ (0.18)
Weighted average common shares outstanding			
Basic	108.6	109.3	114.2
Diluted	112.9	111.6	114.2

The accompanying notes are an integral part of the consolidated financial statements.

TERADATA CORPORATION
Consolidated Statements of Comprehensive Income (Loss)
In millions

	For the Years Ended December 31		
	2021	2020	2019
Net income (loss)	\$ 147	\$ 129	\$ (20)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(12)	7	(10)
Derivatives:			
Unrealized gain (loss) on derivatives, before tax	14	(8)	(12)
Unrealized gain (loss) on derivatives, tax portion	(3)	2	3
Unrealized gain (loss) on derivatives, net of tax	11	(6)	(9)
Defined benefit plans:			
Reclassification of loss to net income (loss)	11	9	6
Defined benefit plan adjustment, before tax	(2)	(15)	(37)
Defined benefit plan adjustment, tax portion	(3)	3	10
Defined benefit plan adjustment, net of tax	6	(3)	(21)
Other comprehensive income (loss)	5	(2)	(40)
Comprehensive income (loss)	<u>\$ 152</u>	<u>\$ 127</u>	<u>\$ (60)</u>

The accompanying notes are an integral part of the consolidated financial statements.

TERADATA CORPORATION
Consolidated Balance Sheets
In millions, except per share amounts

	At December 31	
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 592	\$ 529
Accounts receivable, net	336	331
Inventories	26	29
Other current assets	152	155
Total current assets	1,106	1,044
Property and equipment, net	288	339
Right of use assets - operating lease, net	26	38
Goodwill	396	401
Capitalized contract costs, net	111	98
Deferred income taxes	202	222
Other assets	40	51
Total assets	\$ 2,169	\$ 2,193
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt	\$ 88	\$ 44
Current portion of finance lease liability	77	75
Current portion of operating lease liability	12	15
Accounts payable	67	50
Payroll and benefits liabilities	148	170
Deferred revenue	552	499
Other current liabilities	89	99
Total current liabilities	1,033	952
Long-term debt	324	411
Finance lease liability	53	70
Operating lease liability	18	28
Pension and other postemployment plan liabilities	138	152
Long-term deferred revenue	27	38
Deferred tax liabilities	7	6
Other liabilities	109	136
Total liabilities	1,709	1,793
Commitments and contingencies (Note 10)		
Stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at December 31, 2021 and 2020, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 107.2 and 108.8 shares issued and outstanding at December 31, 2021 and 2020, respectively	1	1
Paid-in capital	1,808	1,656
Accumulated deficit	(1,211)	(1,114)
Accumulated other comprehensive loss	(138)	(143)
Total stockholders' equity	460	400
Total liabilities and stockholders' equity	\$ 2,169	\$ 2,193

The accompanying notes are an integral part of the consolidated financial statements.

TERADATA CORPORATION
Consolidated Statements of Cash Flows
In millions

	For the Years Ended December 31		
	2021	2020	2019
Operating activities			
Net income (loss)	\$ 147	\$ 129	\$ (20)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	149	172	150
Stock-based compensation expense	112	101	83
Deferred income taxes	14	(118)	(3)
Changes in assets and liabilities:			
Receivables	(5)	67	190
Inventories	3	2	(3)
Account payables and accrued expenses	17	—	(153)
Deferred revenue	42	4	(62)
Other assets and liabilities	(16)	(90)	(34)
Net cash provided by operating activities	<u>463</u>	<u>267</u>	<u>148</u>
Investing activities			
Expenditures for property and equipment	(28)	(44)	(54)
Additions to capitalized software	(3)	(7)	(5)
Net cash used in investing activities	<u>(31)</u>	<u>(51)</u>	<u>(59)</u>
Financing activities			
Repayments of long-term borrowings	(44)	(25)	(19)
Repurchases of common stock	(244)	(100)	(300)
Payments of finance leases	(92)	(70)	(33)
Other financing activities, net	24	9	44
Net cash used in financing activities	<u>(356)</u>	<u>(186)</u>	<u>(308)</u>
Effect of exchange rate changes on cash and cash equivalents	(14)	7	(1)
Increase (decrease) in cash, cash equivalents and restricted cash	62	37	(220)
Cash, cash equivalents and restricted cash at beginning of year	533	496	716
Cash, cash equivalents and restricted cash at end of year	<u>\$ 595</u>	<u>\$ 533</u>	<u>\$ 496</u>
Reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheets			
Cash and cash equivalents	\$ 592	\$ 529	\$ 494
Restricted cash	3	4	2
Total cash, cash equivalents and restricted cash	<u>\$ 595</u>	<u>\$ 533</u>	<u>\$ 496</u>
Supplemental cash flow disclosure:			
Assets acquired by finance lease	\$ 76	\$ 85	\$ 115
Assets acquired by operating lease	\$ 9	\$ 8	\$ 6
Annual variable incentive payout settled in equity	\$ 17	\$ —	\$ —
Cash paid during the year for:			
Income taxes	\$ 44	\$ 39	\$ 33
Interest	\$ 26	\$ 27	\$ 26

The accompanying notes are an integral part of the consolidated financial statements.

TERADATA CORPORATION
Consolidated Statements of Changes in Stockholders' Equity
In millions

	Common Stock		Paid-in	Retained Earnings	Accumulated Other	
	Shares	Amount	Capital	(Accumulated Deficit)	Comprehensive (Loss) income	Total
December 31, 2018	117	\$ 1	\$ 1,418	\$ (823)	\$ (101)	\$ 495
Net loss	—	—	—	(20)	—	(20)
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	2	—	127	—	—	127
Repurchases of common stock, retired	(8)	—	—	(300)	—	(300)
Pension and postemployment benefit plans, net of tax	—	—	—	—	(21)	(21)
Unrealized loss on derivatives, net of tax	—	—	—	—	(9)	(9)
Currency translation adjustment	—	—	—	—	(10)	(10)
December 31, 2019	111	\$ 1	\$ 1,545	\$ (1,143)	\$ (141)	\$ 262
Net income	—	—	—	129	—	129
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	2	—	111	—	—	111
Repurchases of common stock, retired	(5)	—	—	(100)	—	(100)
Pension and postemployment benefit plans, net of tax	—	—	—	—	(3)	(3)
Unrealized loss on derivatives, net of tax	—	—	—	—	(6)	(6)
Currency translation adjustment	—	—	—	—	7	7
December 31, 2020	108	\$ 1	\$ 1,656	\$ (1,114)	\$ (143)	\$ 400
Net income	—	—	—	147	—	147
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	5	—	152	—	—	152
Repurchases of common stock, retired	(6)	—	—	(244)	—	(244)
Pension and postemployment benefit plans, net of tax	—	—	—	—	6	6
Unrealized gain on derivatives, net of tax	—	—	—	—	11	11
Currency translation adjustment	—	—	—	—	(12)	(12)
December 31, 2021	107	\$ 1	\$ 1,808	\$ (1,211)	\$ (138)	\$ 460

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Description of Business, Basis of Presentation and Significant Accounting Policies

Description of the Business. Teradata Corporation ("we," "us," "Teradata," or the "Company") is a provider of a leading connected multi-cloud data platform for enterprise analytics, focused on helping companies leverage all their data across an enterprise, at scale. Our platform is composed of our data platform – Teradata Vantage – which is designed to run across on-premises, private cloud and public cloud environments. This platform is supported by business consulting and support services that enable customers to extract insights from across a company's entire data and analytics ecosystem.

Basis of Presentation. The financial statements are presented on a consolidated basis and include the accounts of the Company and its wholly-owned subsidiaries in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Recurring revenue consists of our on-premises and cloud subscriptions, which have varying term lengths from one month to five years. Recurring revenue is intended to depict the revenue recognition model for these subscription transactions. The recurrence of these revenue streams in future periods depends on several factors, including contractual periods and customers' renewal decisions. Perpetual software licenses, hardware and other revenue consists of hardware and perpetual software licenses recognized upfront and revenue related to third party products. Consulting services revenue consists of consulting, implementation and installation services.

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 the following amounts:

- Managed services revenue of \$108 million and managed services costs of \$80 million for the year ended December 31, 2020 from Recurring to Consulting services.
- Managed services revenue of \$111 million and managed services costs of \$85 million for the year ended December 31, 2019 from Recurring to Consulting services.
- Third party revenue of \$34 million and third party costs of \$26 million for the year ended December 31, 2020 from Recurring to Perpetual software licenses, hardware and other.
- Third party revenue of \$34 million and third party costs of \$26 million for the year ended December 31, 2019 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).

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. On an ongoing basis, management evaluates these estimates and judgments, including those related to allowances for doubtful accounts, the valuation of inventory to net realizable value, impairments of goodwill and other intangibles, stock-based compensation, leases, pension and other postemployment benefits, and income taxes and any changes will be accounted for on a prospective basis. Actual results could differ from those estimates.

Revenue Recognition

The Company adopted Financial Accounting Standards Board ("FASB") Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606") as of January 1, 2018 for all contracts not completed as of the date of adoption. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve that core principle, the Company performs the following five steps:

1. identify the contract with a customer,
2. identify the performance obligations in the contract,
3. determine the transaction price,
4. allocate the transaction price to the performance obligations in the contract, and
5. recognize revenue when (or as) the Company satisfies a performance obligation.

The Company only applies the above five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for goods or services it transfers to the customer. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience, published credit, and financial information pertaining to the customer.

Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales, value add, and other taxes the Company collects concurrent with revenue-producing activities. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a good or service to a customer. Estimates of variable consideration are included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur once the uncertainty is resolved. The Company uses the expected value method or the most likely amount method depending on the nature of the variable consideration. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. If actual results in the future vary from the Company's estimates, the Company adjusts these estimates in the period such variances become known. Typically, the amount of variable consideration is not material.

For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation using the relative standalone selling price of each distinct good or service in the contract. The Company must apply judgment to determine whether promised goods or services are capable of being distinct and distinct within the context of the contract. If these criteria are not met, the promised goods or services are combined with other goods or services and accounted for as a combined performance obligation. Revenue is then recognized either at a point in time or over time depending on our evaluation of when the customer obtains control of the promised goods or services. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue recorded in a given period. In addition, the Company has developed assumptions that require judgment to determine the standalone selling price for each performance obligation identified in the contract. The Company determines the standalone selling price for a good or service by considering multiple factors including, geographies, market conditions, product life cycles, competitive landscape, internal costs, gross margin objectives, purchase volumes and pricing practices. The Company reviews the standalone selling price for each of its performance obligations on a periodic basis and updates it, when appropriate, to ensure that the practices employed reflect the Company's recent pricing experience. The Company maintains internal controls over the establishment and updates of these estimates, which includes review and approval by the Company's management.

Teradata delivers its platform and services primarily through direct sales channels, as well as through other independent software vendors and distributors and value-added resellers. Standard payment terms may vary based on the country in which the contract is executed, but are generally between 30 days and 90 days. The following is a description of the principal activities and performance obligations from which the Company generates its revenue:

- **Subscriptions** - The Company sells on-premises and cloud subscriptions to its customers through its subscription licenses, cloud and hardware rental offerings. Teradata's on-premises subscription licenses include a right-to-use license and revenue is recognized upfront at a point in time unless the customer has a contractual right to cancel, where revenue is recognized period-to-period based on the cancellation terms. Subscription licenses are reported within the subscription software licenses caption on the Consolidated Statements of Income (Loss). The subscription software license support and unspecified software license upgrade rights on a when-and-if-available basis that are included in the subscription are reported within the recurring services and other caption and recognized ratably over the contract term. Cloud arrangements

include a right-to-access software license on third party hosted hardware such as the public cloud. Revenue is recognized ratably, or as consumed, over the contract term and included within the recurring services and other caption. Cloud arrangements typically include a minimum fixed amount that is recognized ratably over the contract term and may include an elastic amount for usage above the minimum, which is recognized monthly based on actual utilization. For the Company's hardware rental offering, the Company owns the hardware and typically finances the hardware to more closely align the use of cash with the expected cash inflows from contracts with customers. The revenue for these arrangements is generally recognized straight-line over the term of the contract and is included within the recurring services and other caption. Hardware rentals are generally accounted for as operating leases and considered outside the scope of Topic 606.

- **Perpetual maintenance and software upgrade rights** - Revenue for maintenance and unspecified software upgrade rights on a when-and-if-available basis are recognized straight-line over the term of the contract and included within the recurring services and other caption.
- **Perpetual software licenses, hardware and other** - Revenue for software is generally recognized when the customer has the ability to use and benefit from its right to use the license. Hardware is typically recognized upon delivery once title and risk of loss have been transferred (when control has passed). Other revenue includes the sale of all third-party related products.
- **Consulting services** - The Company accounts for individual services as separate performance obligations if a service is separately identifiable from other items in a combined arrangement and if a customer can benefit from it on its own or with other resources that are readily available to the customer. Revenue for consulting, managed services, implementation and installation services is recognized as services are provided by measuring progress toward the complete satisfaction of the Company's obligation. Progress for services that are contracted for at a fixed price is generally measured based on hours incurred as a portion of total estimated hours. Progress for services that are contracted for on a time and materials basis is generally based on hours expended. These input methods (e.g. hours incurred or expended) of revenue recognition are considered a faithful depiction of our efforts to satisfy services contracts and therefore reflect the transfer of services to a customer under such contracts.

Significant Accounting Policies and Practical Expedients

The following are the Company's significant accounting policies not already disclosed elsewhere and practical expedients relating to revenue from contracts with customers:

- Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.
- Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment cost and are included in cost of revenues.
- The Company does not adjust for the effects of a significant financing component if the period between performance and customer payment is one year or less.
- The Company expenses the costs to obtain a contract as incurred when the expected amortization period is one year or less.

Shipping and Handling. Product shipping and handling are included in cost in the Consolidated Statements of Income (Loss).

Cash and Cash Equivalents. All short-term, highly-liquid investments having original maturities of three months or less are considered to be cash equivalents.

Allowance for Doubtful Accounts. Teradata establishes provisions for doubtful accounts using expected credit losses methodology and specific provisions for known issues.

Inventories. Inventories are stated at the lower of cost or market. Cost of service parts is determined using the average cost method. Finished goods inventory is determined using actual cost.

Long-Lived Assets

Property and Equipment. Property and equipment, leasehold improvements and rental equipment are stated at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the related assets primarily on a straight-line basis. The Company's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of its assets. Equipment is generally depreciated over 3 to 5 years and buildings over 25 to 45 years. Leasehold improvements are depreciated over the life of the lease or the asset, whichever is shorter. Customer rental equipment is typically depreciated over the associated customer rental period, which is typically 3 years. Total depreciation expense on the Company's property and equipment for December 31 was as follows:

In millions	2021	2020	2019
Depreciation expense	\$ 139	\$ 138	\$ 104

Capitalized Software. Direct development costs associated with internal-use software are capitalized and amortized over the estimated useful lives of the resulting software. The costs are capitalized when both the preliminary project stage is completed and it is probable that computer software being developed will be completed and placed in service. Teradata typically amortizes capitalized internal-use software on a straight-line basis over three years beginning when the asset is substantially ready for use.

Costs incurred for the development of analytic database software that will be sold, leased or otherwise marketed are expensed as incurred based on the frequency and agile nature of development. The Company uses agile development methodologies to help respond to new technologies and trends and rapidly changing customer needs. Agile development methodologies are characterized by a more dynamic development process with more frequent and iterative revisions to a product release features and functions as the software is being developed. Due to the shorter development cycle and focus on rapid production associated with agile development, the Company did not capitalize any amounts for external-use software development costs in 2021, 2020 and 2019 due to the relatively short duration between the completion of the working model and the point at which a product is ready for general release.

The following table identifies the activity relating to capitalized software for the following periods:

In millions	Internal-use Software			External-use Software		
	2021	2020	2019	2021	2020	2019
Beginning balance at January 1	\$ 13	\$ 13	\$ 15	\$ —	\$ 23	\$ 57
Capitalized	3	7	5	—	—	—
Amortization	(6)	(7)	(7)	—	(23)	(34)
Ending balance at December 31	\$ 10	\$ 13	\$ 13	\$ —	\$ —	\$ 23

The aggregate amortization expense (actual and estimated) for internal-use software for the following periods is:

In millions	Actual	For the years ended (estimated)				
	2021	2022	2023	2024	2025	2026
Internal-use software amortization expense	\$ 6	\$ 5	\$ 4	\$ 3	\$ 3	\$ 3

Valuation of Long-Lived Assets. Long-lived assets such as property and equipment, acquired intangible assets and internal capitalized software are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment is calculated based on the present value of future cash flows and an impairment loss would be recognized when estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount. No impairment was recognized during 2021.

Goodwill. Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill amounts are not amortized, but rather are tested for impairment

annually or upon occurrence of an event or change in circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. See Note 5 for additional information.

Warranty. Provisions for product warranties are recorded in the period in which the related revenue is recognized. The Company accrues warranty reserves using percentages of revenue to reflect the Company's historical average warranty claims.

Research and Development Costs. Research and development costs are expensed as incurred. Research and development costs primarily include labor-related costs, contractor fees, and overhead expenses directly related to research and development support.

Leases. In February 2016, the FASB issued guidance, which requires a lessee to account for leases as finance or operating leases. Both types of leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement and cash flow recognition. For lessors, the standard modifies the classification criteria and the accounting for sales-type and direct financing leases. Entities will classify leases to determine how to recognize lease-related revenue and expense. The Company adopted the new standard as of January 1, 2019 using the modified retrospective adoption approach utilizing the optional transition method with prior periods not recast and have elected certain of the practical expedients allowed under the standard. See Note 13 for more information.

Pension and Postemployment Benefits. The Company accounts for its pension benefit and its non-U.S. postemployment benefit obligations using actuarial models. The measurement of plan obligations was made as of December 31, 2021. Liabilities are computed using the projected unit credit method. The objective under this method is to expense each participant's benefits under the plan as they accrue, taking into consideration salary increases and the plan's benefit allocation formula. Thus, the total pension or postemployment benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

The Company recognizes the funded status of its pension and non-U.S. postemployment plan obligations in its consolidated balance sheet and records, in other comprehensive income, certain gains and losses that arise during the period, but are deferred under pension and postemployment accounting rules. See Note 8 for additional information.

Foreign Currency. Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment are translated into U.S. dollars at period-end exchange rates. Income and expense accounts are translated at daily exchange rates prevailing during the period. Adjustments arising from the translation are included in accumulated other comprehensive income, a separate component of stockholders' equity. Gains and losses resulting from foreign currency transactions are included in determining net income.

Income Taxes. Income tax expense is provided based on income before income taxes in the various jurisdictions in which the Company conducts its business. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are determined based on the enacted tax rates expected to apply in the periods in which the deferred assets or liabilities are expected to be settled or realized. The Company made an accounting policy election in 2018 related to the 2017 Tax Act to provide for the tax expense related to global intangible low-taxed income ("GILTI") in the year the tax is incurred. Teradata recognizes tax benefits from uncertain tax positions only if it is more likely than not the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The Company records valuation allowances related to its deferred income tax assets when it is more likely than not that some portion or all the deferred income tax assets will not be realized. See Note 6 for additional information.

Stock-based Compensation. Stock-based payments to employees, including restricted shares and restricted share units, are recognized in the financial statements based on their fair value. See Note 7 for additional information.

Earnings (Loss) Per Share. Basic earnings (loss) per share is calculated by dividing net income (loss) 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 added from stock options, restricted share awards and other stock awards. Refer to Note 7 for share information on the Company's stock compensation plans.

The components of basic and diluted earnings (loss) per share for the years ended December 31 are as follows:

In millions, except earnings (loss) per share	2021	2020	2019
Net income (loss) attributable to common stockholders	\$ 147	\$ 129	\$ (20)
Weighted average outstanding shares of common stock	108.6	109.3	114.2
Dilutive effect of employee stock options, restricted shares and other stock awards	4.3	2.3	—
Common stock and common stock equivalents	112.9	111.6	114.2
Earnings (loss) per share:			
Basic	\$ 1.35	\$ 1.18	\$ (0.18)
Diluted	\$ 1.30	\$ 1.16	\$ (0.18)

For 2019 due to the net loss attributable to Teradata common stockholders, potential common shares that would cause dilution, such as 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. For 2019 the fully diluted shares would have been 115.5 million.

Options to purchase 0.2 million shares in 2021 and 2 million shares in 2020 and 2019 of common stock, were not included in the computation of diluted earnings per share because their exercise prices were greater than the average market price of the common shares and, therefore, the effect would have been anti-dilutive.

Recently Issued 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.

The Company assessed Accounting Standards Updates not listed above and determined that they were not applicable or were not expected to have a material impact on the Company's financial statements.

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 consolidated financial statements or related disclosures.

Note 2 Supplemental Financial Information

In millions	At December 31	
	2021	2020
Accounts receivable		
Trade	\$ 344	\$ 342
Other	1	3
Accounts receivable, gross	345	345
Less: allowance for doubtful accounts	(9)	(14)
Total accounts receivable, net	\$ 336	\$ 331
Inventories		
Finished goods	\$ 17	\$ 18
Service parts	9	11
Total inventories	\$ 26	\$ 29
Other current assets		
Income tax receivable	\$ 85	\$ 74
Other	67	81
Total other current assets	\$ 152	\$ 155
Property and equipment		
Land	\$ 8	\$ 8
Buildings and improvements	90	91
Finance lease assets	329	252
Machinery and other equipment	463	516
Property and equipment, gross	890	867
Less: accumulated depreciation	(602)	(528)
Total property and equipment, net	\$ 288	\$ 339
Other current liabilities		
Sales and value-added taxes	\$ 31	\$ 33
Pension and other postemployment plan liabilities	14	12
Other	44	54
Total other current liabilities	\$ 89	\$ 99
Deferred revenue		
Deferred revenue, current	\$ 552	\$ 499
Long-term deferred revenue	27	38
Total deferred revenue	\$ 579	\$ 537
Other long-term liabilities		
Transition tax	\$ 69	\$ 82
Uncertain tax positions	22	18
Other	18	36
Total other long-term liabilities	\$ 109	\$ 136

Note 3 Revenue from Contracts with Customers

Disaggregation of Revenue from Contracts with Customers

The following table presents a disaggregation of revenue for the years ended December 31:

In millions	2021	2020	2019
Americas			
Recurring	\$ 879	\$ 813	\$ 797
Perpetual software licenses and hardware	24	47	50
Consulting services	141	165	210
Total Americas	1,044	1,025	1,057
EMEA			
Recurring	371	312	254
Perpetual software licenses and hardware	37	39	58
Consulting services	135	134	180
Total EMEA	543	485	492
APJ			
Recurring	214	184	166
Perpetual software licenses and hardware	16	21	32
Consulting services	100	121	152
Total APJ	330	326	350
Total Revenue	\$ 1,917	\$ 1,836	\$ 1,899

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 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	December 31, 2021	December 31, 2020
Accounts receivable, net	\$ 336	\$ 331
Contract assets	\$ 10	\$ 11
Current deferred revenue	\$ 552	\$ 499
Long-term deferred revenue	\$ 27	\$ 38

Revenue recognized during the year ended December 31, 2021 from amounts included in deferred revenue at the beginning of the period was approximately \$497 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 December 31, 2021:

In millions	Total at December 31, 2021	Year 1	Year 2 and Thereafter
Remaining unsatisfied obligations	\$ 2,629	\$ 1,623	\$ 1,006

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 \$1,547 million of the amount includes customer-only general cancellation for convenience terms that the Company is contractually obligated to perform unless the customer notifies the Company otherwise. The Company expects to recognize revenue of approximately \$479 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.

Note 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 on the Company's balance sheet. The capitalized amounts are calculated based on the sales commissions 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 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	December 31, 2021
Capitalized contract costs	\$ 98	\$ 58	\$ (45)	\$ 111
In millions	December 31, 2019	Capitalized	Amortization	December 31, 2020
Capitalized contract costs	\$ 91	\$ 40	\$ (33)	\$ 98

Note 5 Goodwill

The following table identifies the activity relating to goodwill by operating segment:

In millions	Balance at December 31, 2020	Currency Translation Adjustments	Balance at December 31, 2021
Goodwill			
Americas	\$ 253	\$ —	\$ 253
EMEA	92	(2)	90
APJ	56	(3)	53
Total goodwill	<u>\$ 401</u>	<u>\$ (5)</u>	<u>\$ 396</u>

In the fourth quarter of 2021, the Company performed its annual impairment test and determined that no impairment to the carrying value of goodwill was necessary. The Company reviewed its three reporting units in its 2021 goodwill impairment assessment, as each of the geographic operating segments were considered separate reporting units for purposes of testing. Based on the Company's evaluation and weighting of the events and circumstances that have occurred since the most recent quantitative test, the Company concluded that it was not more likely than not that each reporting unit's fair value was below its carrying value. Therefore, the Company determined that it was not necessary to perform a quantitative goodwill impairment test for the reporting units in 2021.

Note 6 Income Taxes

For the years ended December 31, income (loss) before income taxes consisted of the following:

In millions	2021	2020	2019
Income (loss) income before income taxes			
United States	\$ 67	\$ (41)	\$ (85)
Foreign	125	17	72
Total income (loss) before income taxes	<u>\$ 192</u>	<u>\$ (24)</u>	<u>\$ (13)</u>

For the years ended December 31, income tax expense (benefit) consisted of the following:

In millions	2021	2020	2019
Income tax expense (benefit)			
Current			
Federal	\$ (1)	\$ (45)	\$ (3)
State and local	5	1	—
Foreign	27	9	13
Deferred			
Federal	3	34	(10)
State and local	1	6	(1)
Foreign	10	(158)	8
Total income tax expense (benefit)	<u>\$ 45</u>	<u>\$ (153)</u>	<u>\$ 7</u>
Effective income tax rate	23.4 %	637.5 %	(53.8 %)

The following table presents the principal components of the difference between the effective tax rate and the United States federal statutory income tax rate for the years ended December 31:

	2021	2020	2019
Income tax expense at the U.S. federal tax rate	21.0 %	21.0 %	21.0 %
Foreign income tax differential	2.8 %	(20.8)%	(49.2)%
U.S. tax on foreign earnings	0.3 %	(16.7)%	(8.4)%
State and local income taxes	(1.3)%	25.0 %	58.2 %
U.S. permanent book/tax differences	(2.3)%	(4.2)%	(17.0)%
U.S. research and development tax credits	(2.6)%	25.0 %	68.5 %
Change in valuation allowance	3.2 %	(25.0)%	(49.1)%
Tax impact of NOL carry-back under the CARES act.	— %	79.2 %	— %
Tax impact of stock compensation	0.8 %	(66.7)%	(49.3)%
Deferred tax impact from intra-entity IP transfer	— %	654.2 %	— %
Tax Impact of uncertain tax positions	2.0 %	(29.2)%	(24.6)%
Other, net	(0.5)%	(4.3)%	(3.9)%
Effective income tax rate	<u>23.4 %</u>	<u>637.5 %</u>	<u>(53.8)%</u>

The 2021 effective tax rate included a net \$8 million of discrete tax benefit, of which \$3 million of tax benefit was related to true-up adjustments to reconcile the Company's 2020 U.S. tax return versus the preliminary estimate as booked in its tax provision for the year ended December 31, 2020 and \$2 million of tax benefit related to a reduction in the Transition Tax based on the Company's amended 2017 tax return. In addition, the Company recognized \$4 million of incremental tax benefit related to stock-based compensation. These tax benefits were partially offset by \$1 million of discrete tax expense related to adjustments to the Company's accrual for unrecognized tax benefits in accordance with FIN 48.

The 2020 effective tax rate included \$157 million of net discrete tax benefit. A discrete tax benefit of \$157 million related to the transfer of foreign intellectual property was recorded in 2020 as more fully described below. In addition, the Company recognized a net \$13 million of tax benefit resulting from the CARES Act of 2020, which

allows U.S. corporations a one-time opportunity to claim income tax refunds by allowing a 5-year net operating loss ("NOL") carry-back for taxable losses incurred in the tax year 2020. Teradata intends to carry back its 2020 NOL to claim a refund for taxes it paid in 2015, which created a one-time income tax benefit for the difference between the 35% 2015 carry back tax rate and the current 21% federal statutory rate. These tax benefits were partially offset by \$9 million tax expense related to stock-based compensation and \$4 million of incremental GILTI tax. These discrete net tax benefits resulted in full-year total income tax benefit in 2020 of \$153 million, on a pre-tax net loss of \$24 million, causing a tax rate of 637.5%.

On January 1, 2020, we transferred certain of our intellectual property among our wholly-owned subsidiaries, which resulted in the recognition of deferred tax assets of \$157 million. The recognition of deferred tax assets from intra-entity transfers of intellectual property required the Company to make significant estimates and assumptions to determine the fair value of such intellectual property, using a discounted cash flow model. Significant assumptions in valuing the intellectual property include, but are not limited to, internal revenue and expense forecasts, and the discount rate. The sustainability of its future tax benefits is dependent upon the acceptance of these valuation estimates and assumptions by the taxing authorities.

The 2019 effective tax rate was impacted by \$3 million tax expense related to stock-based compensation and \$3 million of incremental GILTI tax, which resulted in full-year income tax expense in 2019 of \$7 million, on a pre-tax net loss of \$13 million, causing a negative tax rate of 53.8%.

Deferred income tax assets and liabilities included in the balance sheets at December 31 were as follows:

In millions	2021	2020
Deferred income tax assets		
Employee pensions and other liabilities	\$ 65	\$ 62
Other balance sheet reserves and allowances	8	13
Operating lease liabilities	7	10
Tax loss and credit carryforwards	86	105
Deferred revenue	6	7
Intangibles and capitalized software	159	155
Total deferred income tax assets	331	352
Valuation allowance	(58)	(51)
Net deferred income tax assets	273	301
Deferred income tax liabilities		
Right of use assets - operating lease	6	9
Property and equipment	41	52
Other	31	25
Total deferred income tax liabilities	78	86
Total net deferred income tax assets	\$ 195	\$ 215

As of December 31, 2021, Teradata has NOL and tax credit carryforwards totaling \$86 million (tax effected and before any valuation allowance offset and application of recognition criteria for uncertain tax positions). Of the total tax carryforwards, \$7 million are NOLs in the United States and certain foreign jurisdictions, a small portion of which will begin to expire in 2023; \$6 million are United States foreign tax credit carryforwards which expire in 2029, which have a \$5 million valuation allowance offset; \$3 million are federal R&D credits, which will begin to expire in 2040; and \$70 million are California R&D tax credits that have an indefinite carryforward period, which have a \$51 million valuation allowance offset and \$18 million of FIN 48 reserve recorded.

The Company considers a majority of its foreign earnings to not be indefinitely reinvested outside of the United States, and any distributions of profits from non-U.S. subsidiaries are not expected to cause a significant United States tax impact in the future. However, these distributions may be subject to non-U.S. withholding taxes if profits are distributed from certain jurisdictions. The Company has recorded \$4 million of deferred foreign withholding tax expense with respect to certain earnings which are not considered permanently reinvested as they would be taxable upon remittance. Deferred taxes have not been provided on earnings considered indefinitely reinvested.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company reflects any interest and penalties recorded in connection with its uncertain tax positions as a component of income tax expense.

As of December 31, 2021, the Company's uncertain tax positions totaled approximately \$43 million, of which \$22 million is reflected in the other liabilities section of the Company's balance sheet as a non-current liability and \$2 million is reflected as a current liability within taxes payable. The remaining balance of \$19 million of uncertain tax positions relates to certain tax attributes generated by the Company, which are netted against the underlying deferred tax assets recorded on the balance sheet. The entire balance of \$43 million in uncertain tax positions would cause a decrease in the effective income tax rate upon recognition. Teradata has recorded \$3 million of interest accruals related to its uncertain tax liabilities as of December 31, 2021.

Below is a roll-forward of the Company's liability related to uncertain tax positions at December 31:

In millions	2021	2020
Balance at January 1	\$ 39	\$ 37
Gross increases for prior period tax positions	5	6
Gross increases for current period tax positions	3	2
Decreases due to the lapse of applicable statute of limitations	(4)	(2)
Decreases relating to settlements with taxing authorities	—	(4)
Balance at December 31	<u>\$ 43</u>	<u>\$ 39</u>

The Company and its subsidiaries file income tax returns in the United States and various state jurisdictions, as well as numerous foreign jurisdictions. As of December 31, 2021, the Company has ongoing tax audits in a limited number of state and foreign jurisdictions. However, no material adjustments have been proposed or made in any of these examinations to date, which would result in any incremental income tax expense in future periods to the Company. The Company's tax returns for years 2018-2021 are still open for assessment by tax authorities in its major jurisdictions.

Note 7 Employee Stock-based Compensation Plans

The Company recorded stock-based compensation expense for the years ended December 31 as follows:

In millions	2021	2020	2019
Stock options	\$ —	\$ 1	\$ 3
Restricted share units	109	98	77
Employee stock repurchase program	3	2	3
Total stock-based compensation before income taxes	112	101	83
Tax benefit	(19)	(5)	(10)
Total stock-based compensation, net of tax	<u>\$ 93</u>	<u>\$ 96</u>	<u>\$ 73</u>

The Teradata Corporation 2007 Stock Incentive Plan (the "2007 SIP"), as amended, and the Teradata 2012 Stock Incentive Plan (the "2012 SIP"), as amended, provide for the grant of several different forms of stock-based compensation. The 2012 SIP was adopted and approved by stockholders in April 2012 and no further awards may be made under the 2007 SIP after that time. A total of approximately 31.4 million shares were authorized to be issued under the 2012 SIP. In May 2020, the Teradata Board of Directors adopted the Teradata New Employee Stock Inducement Plan (the "NESIP"), effective June 1, 2020. Pursuant to the NESIP, the Company may grant equity incentive compensation as a material inducement for certain individuals to commence employment with Teradata within the meaning of Rule 303A.08 of the NYSE Listed Company Manual. A total of 2.2 million shares are reserved for grant under the NESIP, the Teradata Incentive Stock Purchase Plan, and new CEO award, subject to adjustment as provided in the NESIP. The NESIP is scheduled to terminate on June 1, 2023, or such earlier date that the Board shall determine.

New shares of the Company's common stock are issued as a result of the vesting of restricted share units and stock option exercises and at the time of grant for restricted shares, for awards under all plans.

As of December 31, 2021, the Company's primary types of stock-based compensation were restricted shares, restricted share units and the employee stock purchase program (the "ESPP").

Stock Options

No options were granted in 2021, 2020 and 2019.

The following table summarizes the Company's stock option activity for the year ended December 31, 2021:

Shares in thousands	Shares Under Option	Weighted-Average Exercise Price per Share	Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2021	1,788	\$ 40.14	3.30	\$ —
Granted	—	\$ —		
Exercised	(836)	\$ 36.82		
Canceled	(139)	\$ 54.33		
Forfeited	(32)	\$ 41.35		
Outstanding at December 31, 2021	781	\$ 41.12		
Fully vested and expected to vest at December 31, 2021	781	\$ 41.12	2.70	\$ 5
Exercisable at December 31, 2021	781	\$ 41.12	2.70	\$ 5

The following table summarizes the total intrinsic value of options exercised and the cash received by the Company from option exercises under all share-based payment arrangements at December 31:

In millions	2021	2020	2019
Intrinsic value of options exercised	\$ 12	\$ —	\$ 9
Cash received from option exercises	\$ 31	\$ —	\$ 32
Tax benefit realized from option exercises	\$ 2	\$ —	\$ 2

Restricted Shares and Restricted Share Units

The 2012 SIP provides for the issuance of restricted shares, as well as restricted share units. These grants consist of both service-based and performance-based awards. Service-based awards typically vest over a three-year period beginning on the effective date of grant. These grants are not subject to future performance measures. The cost of these awards, determined to be the fair market value at the date of grant, is expensed ratably over the vesting period. Performance-based grants are subject to future performance measurements over a one-to three-year period. All performance-based shares that are earned in respect of an award will become vested at the end of the performance and/or service period provided the employee is continuously employed by the Company and applicable performance measures and other vesting conditions are met. The fair value of each performance-based award is determined on the grant date, based on the Company's stock price, and assumes that performance targets will be achieved. Over the performance period, the number of shares of stock that will be issued is adjusted upward or downward based upon management's assessment of the probability of achievement of performance targets. The ultimate number of shares issued and the related compensation cost recognized as expense will be based on a comparison of the final achievement of performance metrics to the specified targets. For substantially all restricted share grants, at the date of grant, the recipient has all rights of a stockholder, subject to certain restrictions on transferability and a risk of forfeiture. A recipient of restricted share units does not have the rights of a stockholder and is subject to restrictions on transferability and risk of forfeiture. For both restricted share grants and restricted share units, any potential dividend rights would be subject to the same vesting requirements as the underlying equity award. As a result, such rights are considered a contingent transfer of value and consequently these equity awards are not considered participating securities.

The following table reports restricted shares and restricted share unit activity during the year ended December 31, 2021:

Shares in thousands	Number of Shares	Weighted-Average Grant Date Fair Value per Share
Unvested shares at January 1, 2021	7,512	\$ 27.00
Granted	4,545	\$ 41.18
Vested	(3,538)	\$ 30.94
Forfeited/canceled	(1,148)	\$ 30.01
Unvested shares at December 31, 2021	7,371	\$ 33.38

The following table summarizes the weighted-average fair value of restricted share units granted for Teradata equity awards and the total fair value of shares vested.

	2021	2020	2019
Weighted-average fair value of restricted share units granted	\$ 41.18	\$ 20.74	\$ 44.13
Total fair value of shares vested (in millions)	\$ 93	\$ 80	\$ 41

As of December 31, 2021, there was \$144 million of unrecognized compensation cost related to unvested restricted share grants. The unrecognized compensation cost is expected to be recognized over a remaining weighted-average period of 1.0 years.

The following table represents the composition of Teradata restricted share unit grants in 2021:

Shares in thousands	Number of Shares	Weighted-Average Grant Date Fair Value
Service-based restricted share units	3,801	\$ 41.26
Performance-based restricted share units	744	\$ 40.79
Total restricted share unit grants	4,545	\$ 41.18

Employee Stock Purchase Program

The Company's ESPP, effective on October 1, 2007, and as amended effective as of January 30, 2018, provides eligible employees of Teradata and its designated subsidiaries an opportunity to purchase the Company's common stock at a discount to the average of the highest and lowest sale prices on the last trading day of each month. The ESPP discount is 15% of the average market price and is considered compensatory.

The ESPP was amended as of August 2, 2021 to move from monthly purchases to purchases at the end of the 6-month purchase period. Additionally, a look-back feature was added to the plan whereby the purchase discount is based off the lower of the market prices at the beginning or end of each 6-month purchase period (September to February, and March to August). The ESPP discount remains at 15% of the relevant market price and is considered compensatory.

Employees may authorize payroll deductions of up to 10% of eligible compensation for common stock purchases. A total of 7 million shares were authorized to be issued under the ESPP, with approximately 1.1 million shares remaining under that authorization at December 31, 2021. The shares of Teradata common stock purchased by a participant on an exercise date (the last day of each month), for all purposes, are deemed to have been issued and sold at the close of business on such exercise date. Prior to that time, none of the rights or privileges of a stockholder exists with respect to such shares. Employee purchases and aggregate cost were as follows at December

31:

In millions	2021	2020	2019
Employee stock purchases	0.3	0.7	0.6
Aggregate cost	\$ 10	\$ 14	\$ 20

Note 8 Employee Benefit Plans

Pension and Postemployment Plans. Teradata currently sponsors defined benefit pension plans for certain of its international employees. For those international pension plans for which the Company holds asset balances, those assets are primarily invested in common/collective trust funds (which include publicly traded common stocks, corporate and government debt securities, real estate indirect investments, cash or cash equivalents) and insurance contracts.

Postemployment obligations relate to benefits provided to involuntarily terminated employees and certain inactive employees after employment but before retirement. These benefits are paid in accordance with various foreign statutory laws and regulations, and Teradata's established postemployment benefit practices and policies. Postemployment benefits may include disability benefits, supplemental unemployment benefits, severance, workers' compensation benefits, continuation of health care benefits and life insurance coverage, and are funded on a pay-as-you-go basis.

Pension and postemployment benefit costs for the years ended December 31 were as follows:

In millions	2021		2020		2019	
	Pension	Postemployment	Pension	Postemployment	Pension	Postemployment
Service cost	\$ 7	\$ 11	\$ 7	\$ 11	\$ 7	\$ 11
Interest cost	1	1	2	1	3	1
Expected return on plan assets	(2)	—	(2)	—	(2)	—
Settlement charge	—	—	1	—	—	—
Curtailment gain	(2)	—	—	—	—	—
Amortization of actuarial loss	3	8	2	7	1	5
Total costs	<u>\$ 7</u>	<u>\$ 20</u>	<u>\$ 10</u>	<u>\$ 19</u>	<u>\$ 9</u>	<u>\$ 17</u>

The underfunded amount of pension and postemployment obligations is recorded as a liability in the Company's consolidated balance sheet. The following tables present the changes in benefit obligations, plan assets, funded status and the reconciliation of the funded status to amounts recognized in the consolidated balance sheets and in accumulated other comprehensive income at December 31:

In millions	Pension		Postemployment	
	2021	2020	2021	2020
Change in benefit obligation				
Benefit obligation at January 1	\$ 164	\$ 149	\$ 64	\$ 61
Service cost	7	7	11	11
Interest cost	1	2	1	1
Plan participant contributions	1	1	—	—
Actuarial (gain) loss	(7)	14	10	12
Benefits paid	—	(1)	(18)	(24)
Curtailment	(2)	(5)	—	—
Settlement	(10)	(11)	—	—
Plan Amendment	—	—	—	3
Currency translation adjustments	(11)	8	—	—
Benefit obligation at December 31	\$ 143	\$ 164	\$ 68	\$ 64
Change in plan assets				
Fair value of plan assets at January 1	\$ 72	\$ 69	\$ —	\$ —
Actual return on plan assets	2	4	—	—
Company contributions	7	5	—	—
Benefits paid	—	(1)	—	—
Currency translation adjustments	(5)	5	—	—
Plan participant contribution	1	1	—	—
Settlements	(10)	(11)	—	—
Fair value of plan assets at December 31	67	72	—	—
Funded status (underfunded)	\$ (76)	\$ (92)	\$ (68)	\$ (64)
Amounts Recognized in the Consolidated Balance Sheet				
Non-current assets	\$ 8	\$ 8	\$ —	\$ —
Current liabilities	(2)	(2)	(12)	(10)
Non-current liabilities	(82)	(98)	(56)	(54)
Net amounts recognized	\$ (76)	\$ (92)	\$ (68)	\$ (64)
Amounts Recognized in Accumulated Other Comprehensive Income (Loss)				
Unrecognized Net actuarial loss	\$ 19	\$ 31	\$ 69	\$ 66
Unrecognized Prior service cost	—	—	4	5
Total	\$ 19	\$ 31	\$ 73	\$ 71

The following table presents the accumulated pension benefit obligation at December 31:

In millions	2021	2020
Accumulated pension benefit obligation	\$ 134	\$ 153

The following table presents pension plans with accumulated benefit obligations in excess of plan assets at December 31:

In millions	2021	2020
Projected benefit obligation	\$ 115	\$ 132
Accumulated benefit obligation	\$ 109	\$ 123
Fair value of plan assets	\$ 31	\$ 33

The following table presents the pre-tax net changes in projected benefit obligations recognized in other comprehensive income:

In millions	Pension		Postemployment	
	2021	2020	2021	2020
Actuarial (gain) loss arising during the year	\$ (9)	\$ 7	\$ 10	\$ 15
Amortization of loss included in net periodic benefit cost	(3)	(2)	(8)	(7)
Recognition of gain (loss) due to curtailment	2	(5)	—	—
Recognition of loss due to settlement	—	(2)	—	—
Foreign currency exchange	(2)	3	—	—
Total recognized in other comprehensive income (loss)	<u>\$ (12)</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 8</u>

The weighted-average rates and assumptions used to determine benefit obligations at December 31, and net periodic benefit cost for the years ended December 31, were as follows:

	Pension Benefit Obligations		Pension Benefit Cost		
	2021	2020	2021	2020	2019
Discount rate	1.3%	0.9%	0.9%	1.2%	2.2%
Rate of compensation increase	3.0%	2.8%	2.9%	3.0%	3.4%
Expected return on plan assets	N/A	N/A	3.4%	3.5%	3.0%
Interest crediting rate assumption	0.9%	0.9%	0.9%	0.9%	0.8%

	Postemployment Benefit Obligations		Postemployment Benefit Cost		
	2021	2020	2021	2020	2019
Discount rate	2.0%	1.6%	1.6%	1.8%	2.5%
Rate of compensation increase	3.0%	3.0%	3.0%	3.0%	3.0%
Involuntary turnover rate	4.0%	3.5%	3.5%	3.0%	2.5%

The Company determines the expected return on assets based on individual plan asset allocations, historical capital market returns, and long-term interest rate assumptions, with input from its actuaries, investment managers, and independent investment advisors. The company emphasizes long-term expectations in its evaluation of return factors, discounting or ignoring short-term market fluctuations. Expected asset returns are reviewed annually, but are generally modified only when asset allocation strategies change or long-term economic trends are identified.

International discount rates were determined by examining interest rate levels and trends within each country, particularly yields on high-quality long-term corporate bonds, relative to our future expected cash flows. The discount rate used for countries with individually insignificant benefit obligation at year-end was derived by matching the plans' expected future cash flows to the corresponding yields from the Citigroup Pension Liability Index. This yield curve has been constructed to represent the available yields on high-quality fixed-income investments across a broad range of future maturities.

Gains and losses have resulted from changes in actuarial assumptions and from differences between assumed and actual experience, including, among other items, changes in discount rates and differences between actual and assumed asset returns. These gains and losses (except those differences being amortized to the market-related value) are only amortized to the extent that they exceed 10% of the higher of the market-related value of plan assets or the projected benefit obligation of each respective plan. Amortization of deferred gains and losses are recognized in the Consolidated Statements of Income (Loss) as a component of Other expense.

Plan Assets. The weighted-average asset allocations at December 31, by asset category are as follows:

	Actual Asset Allocation as of December 31		Target Asset Allocation
	2021	2020	
Equity securities	33%	34%	32%
Debt securities	53%	44%	54%
Insurance (annuity) contracts	11%	12%	11%
Real estate	3%	8%	3%
Other	—%	2%	—%
Total	100%	100%	100%

Investment Strategy. Teradata employs several investment strategies across its various international pension plans. In some countries, particularly where Teradata does not have a large employee base, the Company may use insurance (annuity) contracts to satisfy its future pension payment obligations, whereby the Company makes pension plan contributions to an insurance company in exchange for which the pension plan benefits will be paid when the members reach a specified retirement age or on earlier exit of members from the plan. In other countries, the Company may employ local asset managers to manage investment portfolios according to the investment policies and guidelines established by the Company, and with consideration to individual plan liability structure and local market environment and risk tolerances. The Company's investment policies and guidelines primarily emphasize diversification across and within asset classes to maximize long-term returns subject to prudent levels of risk, with the overall objective of enabling the plans to meet their future obligations. The investment portfolios contain a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across domestic and international stocks, small and large capitalization stocks, and growth and value stocks. Fixed-income assets are diversified across government and corporate bonds. Where applicable, real estate investments are made through real estate securities, partnership interests or direct investment, and are diversified by property type and location.

Fair Value. Fair value measurements are established utilizing a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are more fully described in Note 11.

The following is a description of the valuation methodologies used for pension assets as of December 31, 2021.

Common/collective trust funds (which include money market funds, equity funds, bond funds, real estate indirect investments, etc.): Valued at the net asset value ("NAV") of shares held by the pension plan at year end, as reported to the pension plan by the trustee, which represents the fair value of shares held by the pension plan. Because the NAV of the shares held in the common/collective trust funds are derived by the value of the underlying investments, the Company has classified these underlying investments as Level 2 fair value measurements.

Insurance contracts: Valued by discounting the related future benefit payments using a current year-end market discount rate, which represents the fair value of the insurance contract. The Company has classified these contracts as Level 3 assets for fair value measurement purposes.

The following table sets forth by level, within the fair value hierarchy, the pension plan assets at fair value as of December 31,

2021:

In millions	December 31, 2021	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)
Equity funds	\$ 22	\$ —	\$ 22	\$ —
Bond/fixed-income funds	36	—	36	—
Real estate indirect investments	2	—	2	—
Insurance contracts	7	—	—	7
Total assets at fair value	<u>\$ 67</u>	<u>\$ —</u>	<u>\$ 60</u>	<u>\$ 7</u>

The table below sets forth a summary of changes in the fair value of the pension plan level 3 assets for the year ended December 31, 2021:

In millions	Insurance Contracts
Balance as of January 1, 2021	\$ 8
Purchases, sales and settlements, net	(1)
Balance as of December 31, 2021	<u>\$ 7</u>

The following table sets forth by level, within the fair value hierarchy, the pension plan assets at fair value as of December 31, 2020:

In millions	December 31, 2020	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)
Money market funds	\$ 1	\$ —	\$ 1	\$ —
Equity funds	25	—	25	—
Bond/fixed-income funds	32	—	32	—
Real estate indirect investments	6	—	6	—
Insurance contracts	8	—	—	8
Total assets at fair value	<u>\$ 72</u>	<u>\$ —</u>	<u>\$ 64</u>	<u>\$ 8</u>

The table below sets forth a summary of changes in the fair value of the pension plan level 3 assets for the year ended December 31, 2020:

In millions	Insurance Contracts
Balance as of January 1, 2020	\$ 8
Purchases, sales and settlements, net	—
December 31, 2020	<u>\$ 8</u>

Cash Flows Related to Employee Benefit Plans

Cash Contributions. In 2022, the Company expects to contribute approximately \$3 million to the international pension plans.

Estimated Future Benefit Payments. The Company expects to make the following benefit payments, estimated based on the assumptions used to measure the Company's benefit obligation at the end of the year, reflecting past and future service from its pension and postemployment plans:

In millions	Pension Benefits	Postemployment Benefits
Year		
2022	\$ 6	\$ 12
2023	\$ 6	\$ 12
2024	\$ 6	\$ 12
2025	\$ 7	\$ 12
2026	\$ 7	\$ 12
2026 - 2030	\$ 39	\$ 58

Savings Plans. United States employees and many international employees participate in defined contribution savings plans. These plans generally provide either a specified percent of pay or a matching contribution on participating employees' voluntary elections. The Company's matching contributions typically are subject to a maximum percentage or level of compensation. Employee contributions can be made pre-tax, after-tax or a combination thereof. The following table identifies the expense for the United States and International subsidiary savings plans for the years ended December 31:

In millions	2021	2020	2018
U.S. savings plan	\$ 16	\$ 19	\$ 21
International subsidiary savings plans	\$ 14	\$ 13	\$ 16

Note 9 Derivative Instruments and Hedging Activities

As a portion of Teradata's operations is conducted outside the United States 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 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 12. 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 will step-down according to the amortization schedule of the term loan. The notional amount of the hedge was \$413 million as of December 31, 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 hedging instruments at December 31:

In millions	2021	2020
Contract notional amount of foreign exchange forward contracts	\$ 110	\$ 90
Net contract notional amount of foreign exchange forward contracts	\$ 41	\$ 29
Contract notional amount of interest rate swap	\$ 413	\$ 456

All derivatives are recognized in the 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 11 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.

Note 10 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. It is not currently a party to any litigation, nor is it aware of any pending or threatened litigation against it that the Company believes would materially affect its 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 (the "TD-SAP 1" suit) 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 TD-SAP 1 lawsuit, the Company alleged, 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 such trade secrets to help develop, improve, introduce, and sell one or more competing products. The Company further alleged that SAP 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 one or more of SAP's competing products and reduce or eliminate customers' and prospective customers' use of the Company's offerings. The Company sought 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 the Company based on five of SAP's U.S. patents. On August 31, 2020, the Company filed a second lawsuit against SAP (the "TD-SAP 2" suit) in the U.S. District Court for the Northern District of California, in which the Company alleged infringement by SAP of four of the Company's U.S. patents. On February 16, 2021, SAP filed additional patent infringement counterclaims against the Company in response. On the same day, SAP also filed a lawsuit in Germany (the "TD-SAP 3" suit) for infringement of a single German patent. In November 2021, the district court dismissed the Company's antitrust claims and most of its trade secret claims in the TD-SAP 1 suit. In December 2021, the Company appealed that decision to the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. In the meantime, the Company and SAP have entered into a partial settlement agreement that has resulted in full dismissal of all claims and counterclaims in the TD-SAP 2 suit in California and the TD-SAP 3 suit in Germany as well as a stay of all claims and counterclaims remaining in the TD-SAP 1 suit pending resolution of the Company's appeal. 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 remaining patent counterclaims in the TD-SAP 1 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 December 31, 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.

Note 11 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 using 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 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 contracts recorded in other assets and other liabilities at December 31, 2021 and 2020 were 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 years ended December 31, 2021, 2020 and 2019.

The Company's assets and liabilities measured at fair value on a recurring basis and subject to fair value disclosure requirements at December 31, 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 December 31, 2021	\$ 148	\$ 148	\$ —	\$ —	\$ —
Money market funds at December 31, 2020	\$ 16	\$ 16	\$ —	\$ —	\$ —
Liabilities					
Interest rate swap at December 31, 2021	\$ 12	\$ —	\$ 12	\$ —	\$ —
Interest rate swap at December 31, 2020	\$ 27	\$ —	\$ 27	\$ —	\$ —

Note 12 Debt

In June 2018, Teradata replaced its existing five-year, \$400 million revolving credit facility with a new \$400 million revolving credit facility (the "Credit Facility"). The Credit Facility ends 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. 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 December 31, 2021 and 2020, the Company had no borrowings outstanding under the Credit Facility, leaving \$400 million in additional borrowing capacity available under the Credit Facility. The Company was in compliance with all covenants as of December 31, 2021 and 2020.

Also, in June 2018, Teradata closed on a senior unsecured \$500 million five-year 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 on June 11, 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. The term loan principal outstanding was \$413 million at December 31, 2021 and \$456 million at December 31, 2020. As disclosed in Note 9, 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 December 31, 2021 and 2020, the all-in fixed rates are 4.23% and 4.36%, respectively. Remaining unamortized deferred issuance costs of approximately \$1 million were being amortized over the five-year term of the term loan. The Company was in compliance with all covenants as of December 31, 2021 and 2020.

Annual contractual maturities of outstanding principal on the term loan at December 31, 2021, are as follows:

In millions	
2022	88
2023	325
Total	\$ 413

Teradata's term loan is recognized on the Company's balance sheet at its unpaid principal balance 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.

Note 13. Leases

Lessee

The Company adopted ASU No. 2016-02, "Leases (Topic 842)," on January 1, 2019, which requires leases with durations greater than twelve months to be recognized on the balance sheet. The Company adopted the standard using the modified retrospective approach utilizing the optional transition method. Prior year financial statements were not recast using this approach. The Company elected the package of practical expedients available for expired or existing contracts, which allowed us to carryforward our historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. Adoption of the new standard resulted in the recording of additional net lease assets and lease liabilities of approximately \$68 million and \$66 million, respectively, as of January 1, 2019. The standard did not materially impact our consolidated net earnings or cash flows.

The Company leases property and equipment under finance and operating leases. The Company's operating leases primarily consist of automobiles in certain countries and real estate, including office, storage and parking spaces. The duration of these leases range from 2 to 5 years. The Company's finance leases primarily consist of equipment financed for the purpose of delivering services to our customers. For leases with terms greater than 12 months, the Company recorded the related asset and obligation at the present value of lease payments over the term. Many of our leases include variable rental escalation clauses which are recognized when incurred. Some of our leases also include renewal options and/or termination options that are factored into the determination of lease payments and lease terms when it is reasonably certain that the Company will exercise these options. Lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term. For real estate leases beginning in 2019 and later, we account for lease components (*e.g.*, fixed payments including rent, real estate taxes and insurance costs) separately from the non-lease components (*e.g.*, common-area maintenance costs). For automobile leases we account for lease and non-lease components together.

When available, the Company uses the rate implicit in the lease to discount lease payments to present value. However, real estate leases do not typically provide a readily determinable implicit rate. Therefore, the Company must estimate the incremental borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate used in the calculation of the lease liability is based on the secured rate associated with financed lease obligations for each location of leased property.

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The table below presents the lease-related assets and liabilities recorded on the balance sheet at December 31:

In millions, except weighted average calculations	Classification on the Balance Sheet	2021	2020
Assets			
Operating lease assets	Right of use assets - operating lease, net	\$ 26	\$ 38
Finance lease assets	Property and equipment, net	170	170
Total lease assets		<u>\$ 196</u>	<u>\$ 208</u>
Liabilities			
Current			
Operating	Current portion of operating lease liability	\$ 12	\$ 15
Finance	Current portion of finance lease liability	77	75
Non current			
Operating	Operating lease liability	18	28
Finance	Finance lease liability	53	70
Total lease liabilities		<u>\$ 160</u>	<u>\$ 188</u>
Weighted-average remaining lease term			
Operating leases		2.81 years	3.35 years
Finance leases		1.86 years	2.03 years
Weighted-average discount rate			
Operating leases ⁽¹⁾		5.00 %	5.00 %
Finance leases		3.98 %	4.33 %

⁽¹⁾ Upon adoption of the new lease standard, discount rates used for existing leases were established based on the Company's incremental borrowing rate at January 1, 2019. For new leases entered after January 1, 2019, the discount rate was determined based on the Company's incremental borrowing rate at lease commencement.

Lessee Costs

The table below presents certain information related to the lease costs for finance and operating leases recognized in the Company's consolidated statements of income (loss) for the years ended December 31:

In millions	2021	2020
Finance lease cost		
Depreciation of leased assets	\$ 78	\$ 55
Interest of lease liabilities	6	6
Operating lease cost	17	24
Sub-lease income from real estate properties owned and leased	(5)	(6)
Total lease cost	<u>\$ 96</u>	<u>\$ 79</u>

Other Information

The table below presents supplemental cash flow information related to cash paid for amounts included in the measurement of lease liabilities for the year ended December 31:

In millions	2021	2020
Operating cash flows for operating leases	\$ 19	\$ 23
Operating cash flows for finance leases	\$ 6	\$ 6
Financing cash flows for finance leases	\$ 92	\$ 70

Undiscounted Cash Flows

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The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the finance lease liabilities and operating lease liabilities recorded on the balance sheet at December 31, 2021:

In millions	Operating Leases	Finance Leases
2022	\$ 16	\$ 80
2023	9	44
2024	7	11
2025	2	—
2026	1	—
Thereafter	—	—
Total minimum lease payments	35	135
Less: amount of lease payments representing interest	(5)	(5)
Present value of future minimum lease payments	30	130
Less: current obligations under leases	(12)	(77)
Long-term lease obligations	\$ 18	\$ 53

The table below provides the undiscounted cash flows for the Company's finance lease liabilities and operating lease obligations as of December 31, 2020:

In millions	Operating Leases	Finance Leases
2021	\$ 19	\$ 80
2022	14	56
2023	9	17
2024	5	—
2025	3	—
Thereafter	1	—
Total minimum lease payments	51	153
Less: amount of lease payments representing interest	(8)	(8)
Present value of future minimum lease payments	43	145
Less: current obligations under leases	(15)	(75)
Long-term lease obligations	\$ 28	\$ 70

Lessor

The Company receives rental revenue for leasing hardware offerings to its customers. For our hardware rental offering, the Company owns or leases the hardware and may or may not provide managed services. Leases sometimes include options to renew but typically do not include lessee purchase options. The revenue for these operating leases is generally recognized straight-line over the term of the contract and is included within the recurring revenue caption on the consolidated statements of income (loss). Equipment used for this revenue is reported within Property and equipment, net on the consolidated balance sheet.

The following table includes rental revenue for the years ended December 31:

In millions	2021	2020	2019
Rental revenue*	\$ 162	\$ 100	\$ 76

*Rental revenue includes hardware maintenance.

The following table includes estimated rental revenue expected to be recognized in the future based on executed contracts at December 31, 2021:

In millions	Rental Revenue
2022	\$ 154
2023	99
2024-25	44
Total	\$ 297

Note 14 Segment, Other Supplemental Information and Concentrations

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. Prior periods have been restated to conform to the current year presentation.

The following table presents segment revenue and segment gross profit for the Company for the years ended December 31:

In millions	2021	2020	2019
Segment revenue			
Americas	\$ 1,044	\$ 1,025	\$ 1,057
EMEA	543	485	492
APJ	330	326	350
Total revenue	1,917	1,836	1,899
Segment gross profit			
Americas	690	631	626
EMEA	337	273	239
APJ	188	168	148
Total segment gross profit	1,215	1,072	1,013
Stock-based compensation expense	18	16	14
Acquisition, integration and reorganization-related costs	11	14	11
Amortization of capitalized software costs	—	23	33
Total gross profit	1,186	1,019	955
Selling, general and administrative expenses	646	669	618
Research and development expenses	309	334	327
Total income from operations	\$ 231	\$ 16	\$ 10

Certain items, including amortization of certain capitalized software costs, were excluded from segment gross profit to conform to the way the Company manages and reviews the results by segment.

The following table presents revenues by geographic area for the years ended December 31:

In millions	2021	2020	2019
United States	\$ 922	\$ 921	\$ 953
Americas (excluding United States)	122	104	104
EMEA	543	485	492
APJ	330	326	350
Total revenue	\$ 1,917	\$ 1,836	\$ 1,899

The following table presents property and equipment, net by geographic area at December 31:

In millions	2021	2020
United States	\$ 210	\$ 248
Americas (excluding United States)	14	18
EMEA	36	43
APJ	28	30
Property and equipment, net	\$ 288	\$ 339

Concentrations. No single customer accounts for more than 10% of the Company's revenue. As of December 31, 2021, the Company is not aware of any significant concentration of business transacted with a particular customer that could, if suddenly eliminated, have a material adverse effect on the Company's operations. The Company's hardware components are assembled exclusively by Flex. In addition, the Company utilizes preferred supplier relationships to better ensure more consistent quality, cost, and delivery. There can be no assurances that a disruption in production at Flex or at a supplier would not have a material adverse effect on the Company's operations. In addition, a significant change in the forecasts to any of these preferred suppliers could result in purchase obligations or components that may be in excess of demand.

Note 15 Accumulated Other Comprehensive (Loss) Income

The following table provides information on changes in accumulated other comprehensive (loss) income, net of tax ("AOCI"), for the years ended December 31:

In millions	Derivatives	Defined benefit plans	Foreign currency translation adjustments	Total AOCI
Balance as of December 31, 2018	\$ (6)	\$ (44)	\$ (51)	\$ (101)
Other comprehensive loss before reclassifications	(9)	(27)	(10)	(46)
Amounts reclassified from AOCI	—	6	—	6
Net other comprehensive loss	(9)	(21)	(10)	(40)
Balance as of December 31, 2019	\$ (15)	\$ (65)	\$ (61)	\$ (141)
Other comprehensive (loss) income before reclassifications	(6)	(12)	7	(11)
Amounts reclassified from AOCI	—	9	—	9
Net other comprehensive (loss) income	(6)	(3)	7	(2)
Balance as of December 31, 2020	\$ (21)	\$ (68)	\$ (54)	\$ (143)
Other comprehensive income (loss) before reclassifications	11	(1)	(12)	(2)
Amounts reclassified from AOCI	—	7	—	7
Net other comprehensive income (loss)	11	6	(12)	5
Balance as of December 31, 2021	\$ (10)	\$ (62)	\$ (66)	\$ (138)

The following table presents the impact and respective location of AOCI reclassifications in the Consolidated Statements of Income for the years ended December 31:

In millions		2021	2020	2019
AOCI Component	Location			
Other Expense	Other Expense	(11)	(10)	(7)
Tax portion	Income tax benefit	4	1	1
Total reclassifications	Net (loss) income	\$ (7)	\$ (9)	\$ (6)

Further information on the Company's defined benefit plans is included in Note 8.

Note 16 Reorganization and Business Transformation

2018 Plan

In June 2018, the Company approved a plan to consolidate certain of its operations, including transitioning its corporate headquarters to San Diego, California from its location in Dayton, Ohio. This plan, which was being executed in connection with Teradata's comprehensive business transformation, better aligned the Company's skills and resources to effectively pursue opportunities in the marketplace. The Company recognized costs of \$23 million in 2018, \$14 million in 2019 and \$1 million in 2020 for employee separation benefits, transition support, facilities lease related costs, outside service, legal and other exit-related costs. The employee separation benefit costs were expensed over the time period that the employees had to work to earn them. All actions were completed as of December 31, 2020 and the Company incurred costs and charges of approximately \$38 million related to the plan. The majority of the costs were attributable to the Americas operating segment and recorded as selling, general and administrative expenses with no impact on our segment gross profit. Cash paid related to this plan was \$11 million in 2018, \$19 million in 2019 and \$2 million in 2020. Included in the total costs of \$38 million for the plan are non cash expenses of \$6 million for accelerated amortization recorded in 2019 for right-of-use assets associated with the lease on its prior corporate headquarters. The remaining lease liability is included in our operating lease obligations as of December 31, 2020 and 2021.

2020 Plan

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

- \$12 million for employee severance and other employee-related costs, which is separate from the \$28 million for costs related to the Voluntary Separation Program,
- \$7 million charge for facilities lease related costs, and
- \$8 million for outside service, legal and other associated costs.

The Company incurred \$42 million of these costs and charges in 2020 with the remaining \$13 million costs and charges incurred in 2021. Cash expenditures related to these actions are \$60 million. Approximately \$12 million of the cash expenditures relate to cash payments to international employees and did not have a material impact on the Consolidated Statements of Income (Loss) 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 2021 and \$42 million (\$38 million cash and \$4 million non-cash) in 2020 for the VSP, employee separation benefits, facilities lease related costs, outside service, legal and other associated costs. Certain benefits were expensed over the time period that the employees worked to earn them to the extent the required service period extends beyond the nominal period. In 2021, \$4 million of these costs were recorded in Costs of revenue, \$6 million were recorded in Selling, general and administrative expenses and \$3 million were recorded in Research and development expenses. In 2020, \$10 million of these costs were recorded to Costs of revenue, \$25 million were recorded to Selling, general and administrative expenses and \$7 million were recorded to Research and development expenses. There was no impact to the segment gross profit.

Cash paid related to the plan listed above was \$37 million in 2021 and \$23 million in 2020. Not included in the table below are approximately \$10 million in 2021 and \$2 million in 2020 of cash payments for international employees which did not have a material impact on the Consolidated Statements of Income (Loss) as noted above.

The 2021 activity and the reserves related to the 2020 plan are as follows:

In millions	Balance at December 31, 2020	Expense accruals	Cash payments	Balance at December 31, 2021
VSP	\$ 16	\$ 2	\$ (18)	\$ —
Employee severance and other employee-related costs	2	3	(5)	—
Facilities lease related costs, outside service, legal and other associated costs	—	4	(4)	—
Total	<u>\$ 18</u>	<u>\$ 9</u>	<u>\$ (27)</u>	<u>\$ —</u>

In addition, the Company incurred non-cash costs not reflected in the table above of \$1 million in 2021 and \$2 million in 2020 in 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 December 31, 2021 and is not included in the table above.

Note 17 Subsequent Events

On February 9, 2022, Teradata entered into an accelerated share repurchase agreement ("ASR") with JPMorgan Chase Bank, National Association ("JPMorgan Chase") to purchase shares of its common stock from JPMorgan Chase for an aggregate purchase price of \$250 million. Teradata is purchasing these shares as part of its \$1 billion open market share repurchase authorization, under which approximately \$913 million will remain available after giving effect to the ASR.

Under the ASR, Teradata paid JPMorgan Chase \$250 million at the commencement of the agreement and received an initial delivery of approximately 3.9 million shares of Teradata common stock, based on the closing price of the common stock of \$50.89 on February 8, 2022. The final number of shares that will be delivered to Teradata under the ASR will be based on the average of the daily volume-weighted average trading prices of Teradata's common stock during the term of the ASR, less a discount.

At settlement, under certain circumstances JPMorgan Chase may be required to deliver additional shares of Teradata common stock to Teradata, or in other circumstances, Teradata may be required to deliver, at its discretion, either shares of its common stock or cash to JPMorgan Chase. Under the ASR, the terms of the transaction are subject to certain adjustments, including adjustments arising if Teradata were to enter into or announce certain specified transactions or take certain corporate actions before the final settlement.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. 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 (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 have concluded that our disclosure controls and procedures were effective to provide reasonable assurance as of December 31, 2021.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. Teradata's internal control over financial reporting is designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Teradata's internal control over financial reporting as of the end of the period covered by this report. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control – Integrated Framework (2013)*. Based on its assessment and those criteria, management concluded that Teradata's internal control over financial reporting was effective as of December 31, 2021.

Teradata's independent registered public accounting firm has issued their report on the effectiveness of Teradata's internal control over financial reporting as of December 31, 2021, which appears in this Annual Report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required to be included in Part III Item 10 is set forth under the captions "Election of Directors" Our Corporate Governance," and "Committees of the Board" in Teradata's Notice of Annual Meeting of Stockholders and Proxy Statement to be filed with the SEC within 120 days after the end of our fiscal 2021 year (the "2022 Proxy Statement") and is incorporated herein by reference. The information under the heading "Executive Officers of the Registrant" in Part I Item 1 of this Annual Report on Form 10-K is also incorporated by reference in this section.

Item 11. EXECUTIVE COMPENSATION

Information required to be included in Part III Item 11 is set forth under the captions "Director Compensation," "Compensation Discussion and Analysis," "Compensation Tables," "Potential Payments Upon Termination or Change in Control," "Compensation and Human Resource Committee" and "Board Compensation and Human Resource Committee Report on Executive Compensation" in Teradata's 2022 Proxy Statement and incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required to be included in Part III Item 12 is set forth under the caption "Stock Ownership" and the caption "Current Equity Compensation Plan Information" under Item 3 of Teradata's 2022 Proxy Statement and incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required to be included in Part III Item 13 is set forth under the captions "Related Person Transactions" and "Board Independence and Related Transactions" in Teradata's 2022 Proxy Statement and incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required to be included in Part III Item 14 is set forth under the caption "Fees Paid to Independent Registered Public Accounting Firm" in Teradata's 2022 Proxy Statement and incorporated herein by reference.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Index

1. Financial Statements: The consolidated financial statements of the Company and the Report of Independent Registered Public Accounting Firm as set forth in Part II, Item 8 of this Annual Report:

Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	40
Consolidated Statements of Income (Loss) for the years ended December 31, 2021, 2020 and 2019	43
Consolidated Statements of Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021, 2020 and 2019	44
Consolidated Balance Sheets at December 31, 2021 and 2020	45
Consolidated Statements of Cash Flows for the years ended December 31, 2021 2020 and 2019	46
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2021, 2020 and 2019	47
Notes to Consolidated Financial Statements	48

2. Financial Statement Schedule: Financial Statement Schedule II – Valuation and Qualifying Accounts is included in this Annual Report on page 87. All other schedules are not required under the related instructions or are not applicable.

Exhibits: See Index of Exhibits below for a listing of all exhibits to this Annual Report.

(b) Exhibits identified in parentheses below, on file with the SEC, are incorporated herein by reference as exhibits hereto.

Reference Number per Item 601 of Regulation S-K	Description
3.1	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)).
3.2	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).
4.1	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)).
4.2	Description of the Registrant's Securities (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K dated February 28, 2020).
10.1	Form of Technology Agreement (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form 10).
10.2*	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>10.3*</u>	<u>Teradata Management Incentive Plan, as amended and restated on February 20, 2018 (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K dated February 23, 2018).</u>
<u>10.4*</u>	<u>Teradata Change in Control Severance Plan, as amended and restated on July 18, 2018 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated November 5, 2018).</u>
<u>10.5*</u>	<u>Teradata Executive Severance Plan, effective as of February 1, 2017 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated February 3, 2017).</u>
<u>10.6</u>	<u>Teradata Corporation Director Compensation Program, as amended and restated and effective on April 17, 2018 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated August 6, 2018 (SEC file number 001-33458)).</u>
<u>10.7*</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>10.7.1*</u>	<u>Form of Stock Option Agreement Under the Teradata 2012 Stock Incentive Plan, approved on April 19, 2012 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated April 26, 2012).</u>
<u>10.7.2*</u>	<u>Form of Stock Option Agreement Under the Teradata 2012 Stock Incentive Plan, approved on December 2, 2013 (incorporated by reference to Exhibit 10.9.6 to the Annual Report on Form 10-K dated February 27, 2014).</u>
<u>10.7.3*</u>	<u>Form of Stock Option Agreement Under the Teradata 2012 Stock Incentive Plan, approved on December 1, 2014 (incorporated by reference to Exhibit 10.9.11 to the Annual Report on Form 10-K dated February 27, 2015).</u>
<u>10.7.4*</u>	<u>Form of Stock Option Agreement Under the Teradata 2012 Stock Incentive Plan, approved on December 1, 2015 (incorporated by reference to Exhibit 10.9.16 to the Annual Report on Form 10-K dated February 26, 2016).</u>
<u>10.7.5*</u>	<u>Form of Director Restricted Share Unit Grant Statement under the Teradata 2012 Stock Incentive Plan, approved on April 26, 2016 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated April 29, 2016).</u>
<u>10.7.6*</u>	<u>Form of Stock Option Agreement Under the Teradata 2012 Stock Incentive Plan, approved on November 28, 2016 (incorporated by reference to Exhibit 10.10.23 to the Annual Report on Form 10-K dated February 27, 2017).</u>
<u>10.7.7*</u>	<u>Form of Restricted Share Unit Agreement Under the Teradata 2012 Stock Incentive Plan, approved on February 4, 2019 (incorporated by reference to Exhibit 10.8.29 to the Annual Report, as amended, on Form 10-K/A dated March 1, 2019).</u>
<u>10.7.8*</u>	<u>Form of Restricted Share Unit Agreement For Non-U.S. Employees Under the Teradata 2012 Stock Incentive Plan, approved on February 4, 2019 (incorporated by reference to Exhibit 10.8.30 to the Annual Report, as amended, on Form 10-K/A dated March 1, 2019).</u>
<u>10.7.9*</u>	<u>Form of Performance-Based Restricted Share Unit Agreement Under the Teradata 2012 Stock Incentive Plan, approved on February 4, 2019 (incorporated by reference to Exhibit 10.8.31 to the Annual Report, as amended, on Form 10-K/A dated March 1, 2019).</u>

<u>10.7.10*</u>	<u>Form of Restricted Share Unit Agreement Under the Teradata 2012 Stock Incentive Plan, approved on February 27, 2020 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated May 11, 2020).</u>
<u>10.7.11*</u>	<u>Form of Restricted Share Unit Agreement for Non-U.S. Employees Under the Teradata 2012 Stock Incentive Plan, approved on February 27, 2020 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated May 11, 2020).</u>
<u>10.7.12*</u>	<u>Form of Performance-Based Restricted Share Unit Agreement Under the Teradata 2012 Stock Incentive Plan, approved on February 27, 2020 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q dated May 11, 2020).</u>
<u>10.7.13*</u>	<u>Form of Restricted Share Unit Agreement for Non-U.S. Employees Under the Teradata 2012 Stock Incentive Plan, approved on February 27, 2020 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q dated May 11, 2020).</u>
<u>10.7.14*</u>	<u>Form of Restricted Share Unit Agreement Under the Teradata 2012 Stock Incentive Plan, approved on February 26, 2021 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated May 7, 2021).</u>
<u>10.7.15*</u>	<u>Form of Restricted Share Unit Agreement for Non-U.S. Employees Under the Teradata 2012 Stock Incentive Plan, approved on February 26, 2021 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q dated May 7, 2021).</u>
<u>10.7.16*</u>	<u>Form of Performance-Based Restricted Share Unit Agreement Under the Teradata 2012 Stock Incentive Plan, approved on February 26, 2021 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q dated May 7, 2021).</u>
<u>10.8</u>	<u>Purchase and Manufacturing Services Agreement, effective April 27, 1998, by and between NCR Corporation and Solectron Corporation, now known as Flex Ltd. (filed as Exhibit 10.1 to NCR Corporation's Form 10-Q (SEC File No. 001-00395) for the fiscal quarter ended June 30, 1998 and incorporated herein by reference).</u>
<u>10.8.1</u>	<u>Amendment No. 1 to Purchase and Manufacturing Services Agreement, dated January 29, 2000, between NCR Corporation and Solectron Corporation, now known as Flex Ltd. (incorporated by reference to Exhibit 10.22 to the Registration Statement on Form 10).</u>
<u>10.9*</u>	<u>Offer Letter from Teradata Corporation to Daniel Harrington dated September 20, 2007 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated February 9, 2009 (SEC file number 001-33458)).</u>
<u>10.9.1*</u>	<u>Amendment to the Offer Letter from Teradata Corporation to Daniel Harrington effective December 31, 2008 (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K dated February 9, 2009 (SEC file number 001-33458)).</u>
<u>10.10*</u>	<u>Amended offer letter from Teradata Corporation to Mark Culhane dated October 31, 2017 and February 20, 2018 (incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K dated February 23, 2018)</u>
<u>10.11*</u>	<u>Offer letter between Kathy Cullen-Cote and the Company dated June 21, 2019 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated August 5, 2019).</u>
<u>10.11.1*</u>	<u>Amendment to Offer Letter between Kathy Cullen-Cote and the Company dated July 30, 2021 (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q dated August 6, 2021).</u>

10.12*	Offer letter from Teradata Corporation to Stephen McMillan dated May 5, 2020 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated August 10, 2020).
10.12.1*	Form of Restricted Share Unit Agreement (New Hire Grant) Inducement Grant to new CEO, approved on May 5, 2020 (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-8 dated June 2, 2020 (SEC file number 001-33458)).
10.12.2*	Restricted Share Unit Agreement (Graded Vesting) Inducement Grant to new CEO, approved on May 5, 2020 (incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-8 dated June 2, 2020 (SEC file number 001-33458)).
10.12.3*	Performance-Based Restricted Share Unit Agreement (2020-2022 Performance Period Award) Inducement Grant to new CEO, approved on May 5, 2020 (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-8 dated June 2, 2020 (SEC file number 001-33458)).
10.12.4*	Executive Severance Plan Participation Agreement to new CEO, approved on May 5, 2020 (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q dated August 10, 2020).
10.13*	Offer Letter from Teradata Corporation to Hillary Ashton dated August 31, 2020 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated November 6, 2020).
10.14*	Offer letter from Teradata Corporation to Margaret Treese dated September 28, 2020. (incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K dated February 26, 2021).
10.15*	Teradata New Employee Stock Inducement Plan (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated June 2, 2020 (SEC file number 001-33458)).
10.16*	Offer Letter from Teradata Corporation to Todd Cione dated December 4, 2020 (incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K dated February 26, 2021).
10.16.1*	Form of Restricted Share Unit Agreement (Special New Hire Grant) Under the Teradata New Employee Stock Inducement Plan to new Chief Revenue Officer (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated May 7, 2021).
10.17*	Offer Letter from Teradata Corporation to Claire Bramley dated May 18, 2021 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated August 6, 2021).
10.17.1*	Executive Severance Plan Participation Agreement to new CFO (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q dated August 6, 2021).
10.17.2*	Restricted Share Unit Agreement (Graded Vesting) Inducement Grant to new CFO (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated August 6, 2021).
10.18*	Separation Letter between Mark Culhane and the Company executed on September 11, 2021 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated November 5, 2021).

10.19*	Release of Claims between Mark Culhane and the Company executed on September 11, 2021 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated November 5, 2021).
10.20*	Offer Letter from Teradata Corporation to Jacqueline Woods dated November 8, 2021 (filed herewith).
10.20.1*	Form of Restricted Share Unit Agreement (Special New Hire Grant) Under the Teradata 2012 Stock Incentive Plan to new Chief Marketing Officer (filed herewith).
10.21*	Offer Letter from Teradata Corporation to Michael Hutchinson dated December 22, 2021 (filed herewith).
10.22	Revolving Credit Agreement dated as of June 11, 2018 among Teradata Corporation, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, Citibank, N.A., MUFG Bank, LTD., U.S. Bank National Association, and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K dated June 13, 2018).
10.23	Term Loan Agreement dated as of June 11, 2018 among Teradata Corporation, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, Citibank, N.A., MUFG Bank, LTD., U.S. Bank National Association, and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto (incorporated by reference to Exhibit 1.2 to the Current Report on Form 8-K dated June 13, 2018).
10.24	Asset Purchase Agreement, by and between Teradata Corporation and TMA Solutions, L.P., dated as of April 22, 2016 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K dated April 25, 2016).**
10.25	Master Confirmation-Uncollared Accelerated Share Repurchase, dated February 9, 2022 between Teradata Corporation and JPMorgan Chase Bank, National Association (filed herewith).
21	Subsidiaries of Teradata Corporation.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification pursuant to Rule 13a-14(a) dated February 25, 2022.
31.2	Certification pursuant to Rule 13a-14(a) dated February 25, 2022.
32	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated February 25, 2022.
101	Inline interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Statement of Income (Loss) for the twelve month periods ended December 31, 2021, 2020 and 2019, (ii) the Consolidated Statement of Comprehensive Income (Loss) for the twelve month periods ended December 31, 2021, 2020 and 2019, (iii) the Consolidated Balance Sheets at December 31, 2021 and 2020, (iv) the Consolidated Statement of Cash Flows for the twelve month periods ended December 31, 2021, 2020 and 2019, (v) the Consolidated Statement of Changes in Stockholders' Equity for the twelve month periods ended December 31, 2021, 2020 and 2019, (vi) Financial Statement Schedule II, and (vii) the notes to the Consolidated Financial Statements.
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Management contracts or compensatory plans, contracts or arrangements.

** Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.

TERADATA CORPORATION
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(In millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Provision/reversals Charged to Costs & Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts					
Year ended December 31, 2021	\$ 14	\$ (1)	\$ —	\$ (4)	\$ 9
Year ended December 31, 2020	\$ 18	\$ (3)	\$ —	\$ (1)	\$ 14
Year ended December 31, 2019	\$ 14	\$ 4	\$ —	\$ —	\$ 18
Deferred tax valuation allowance					
Year ended December 31, 2021	\$ 51	\$ 7	\$ —	\$ —	\$ 58
Year ended December 31, 2020	\$ 45	\$ 6	\$ —	\$ —	\$ 51
Year ended December 31, 2019	\$ 39	\$ 6	\$ —	\$ —	\$ 45

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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: February 25, 2022

By:

/s/ Claire Bramley

Claire Bramley

Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ Stephen McMillan</u> Stephen McMillan	President and Chief Executive Officer and Director
<u>/s/ Claire Bramley</u> Claire Bramley	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ Michael P. Gianoni</u> Michael P. Gianoni	Chairman of the Board
<u>/s/ Lisa R. Bacus</u> Lisa R. Bacus	Director
<u>/s/ Timothy C.K. Chou</u> Timothy C.K. Chou	Director
<u>/s/ Daniel R. Fishback</u> Daniel R. Fishback	Director
<u>/s/ Cary T. Fu</u> Cary T. Fu	Director
<u>/s/ Kimberly K. Nelson</u> Kimberly K. Nelson	Director
<u>/s/ Joanne B. Olsen</u> Joanne B. Olsen	Director
<u>/s/ John G. Schwarz</u> John G. Schwarz	Director



PERSONAL AND CONFIDENTIAL

November 8, 2021

Jacqueline Woods

Dear Jacqueline,

I am very pleased to extend you this offer of employment with Teradata Corporation and its affiliates ("Teradata" or the "Company") as Chief Marketing Officer, based in Stamford, Connecticut, and reporting to Steve McMillan, President & 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 \$435,000 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 Resources 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 equal 80% of your eligible gross base salary, which would bring your total targeted annual compensation opportunity to \$783,000. Based on your hire date, the period of your eligibility under the MIP will begin on January 1, 2022. 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 2022 shall have a target value of \$1,600,000 (the "2022 Equity Award"). The actual number of shares for your 2022 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. We anticipate that the 2022 Equity Award would be effective the first of March 2022 and be allocated 60% to PBRsUs (subject to a three (3)-year performance period commencing January 1, 2022 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 2022 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 \$2,700,000. 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 will be effective the first business day following your hire date, and the RSUs will vest as follows: (i) 50% in on the first anniversary of the date of the grant, (ii) 25% on the second anniversary of the date of grant, and (iii) the remaining 25% on the third 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 \$400,000, 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 death, disability or termination without Cause, within twelve (12) months of your first day of employment with Teradata, you agree to repay \$200,000 (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 death, disability or termination without Cause, between twelve (12) and twenty-four (24) months of your first day of employment with Teradata, you agree to repay \$100,000 (net of taxes) of the signing bonus, and Teradata may withhold these sums from any compensation otherwise due to you.

Stock Ownership Guidelines: The Chief Marketing 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 (i) 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; and (ii) paragraph (c) of the definition of Cause may be invoked by the Company only if it first provides written notice to you specifying in detail how it believes you have failed to substantially perform your duties and you do not cure that failure within 20 days after receiving that notice. 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 \$7,800 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 Marketing 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 Marketing Officer.

Jacqueline, 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 December 6, 2021, unless otherwise mutually agreed. Once you have received written confirmation from the Company that the conditions to your commencement of employment with Teradata have been satisfied (including applicable Committee and Board approvals), the final offer letter and new hire documents will be processed through our on-line portal, which allows electronic signature; a copy of this offer letter and the new hire documents will be delivered through the portal for your review and approval.

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/ Jacqueline Woods
Jacqueline Woods

November 8, 2021
Date

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 disclosure 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-of-Conduct.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 of 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.



PERSONAL AND CONFIDENTIAL

December 22, 2021

Mike Hutchinson

Dear Mike,

I am delighted to extend you this offer of employment with Teradata Corporation and its affiliates ("Teradata" or "Company") as Chief Customer Officer, based virtually in Georgia, and reporting to Steve McMillan, Chief Executive Officer, subject to the conditions set forth below, and effective January 10, 2022 (the "Effective Date").

Base Salary: Your base salary, as of the Effective Date, will be paid at an annualized rate of \$410,000.00, less applicable taxes and withholdings, and paid to you on Teradata's normal bi-weekly payroll schedule.

Management Incentive Plan (MIP): In addition to your new base salary, you will participate in Teradata's Management Incentive Plan (the "MIP"). Teradata's MIP is 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 your individual performance against your business objectives. As of the Effective Date, your new MIP target incentive opportunity shall equal 100% of your eligible gross base salary, which would bring your total targeted annual compensation to \$820,000.00. MIP bonuses, if earned, will be paid in the first calendar quarter following the Plan year. No MIP award is guaranteed, and unless an exception applies as expressly set forth in the MIP, you must be employed by Teradata on the date MIP awards are paid to be eligible to receive an MIP award. 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 continue to be eligible to participate in Teradata's annual equity award program for executive officers. Annual awards are typically determined by the Committee together with the other independent members of the Board 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.

Subject to approval by the Committee, your annual equity award for 2022 shall have a target value of \$2,000,000 (the "2022 Equity Award"). The actual number of shares for your 2022 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. We anticipate that the 2022 Equity Award would be effective the first of March 2022 and be allocated 60% to PBRsUs (subject to a three (3)-year performance period commencing January 1, 2022 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 2022 Annual 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.

Stock Ownership Guidelines: Executive positions are subject to Teradata's Stock Ownership Guidelines holding requirement as established by the Committee (currently, 3X annual base pay for Officers), which are subject to change from time to time in the Committee's discretion.

Executive Severance and Change in Control Plan: You will continue to participate as a Level I participant in the Teradata Executive Severance Plan and a participant in the Teradata Change in Control Plan. These plans are subject to amendment or termination by Teradata in accordance with their terms, and your participation is subject to your signing a participation agreement under the ESP.

Benefits: As an employee of the Company, you will continue to 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.

This letter, together with the Employee Confidential Information and Inventions Assignment Agreement you signed upon hire, forms the complete and exclusive statement of your employment agreement with Teradata. It supersedes 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 an officer of Teradata.

Mike, we are excited to provide this offer and look forward to the continued contributions you bring to Teradata; I hope you share this enthusiasm. This offer assumes a promotion date of January 10, 2022 (the Effective Date), unless otherwise mutually agreed.

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

Sincerely,
/s/ Steve McMillan

Steve McMillan
President & Chief Executive Officer

I, Mike Hutchinson, have read this letter and the attached employment Agreement and agree to accept the offer made in this letter. I understand and agree my employment is subject to the terms outlined in the attached employment Agreement.

Signed: /s/ Mike Hutchinson

Print Name: Mike Hutchinson

Date: January 5, 2022

JPMorgan Chase Bank, National Association
New York Branch
383 Madison Avenue
New York, NY, 10179

February 9, 2022

To: Teradata Corporation
17095 Via Del Campo
San Diego, California 92127
Attention: Brian Pierson, Treasurer
Telephone No.:
E-mail:

Re: Master Confirmation—Uncollared Accelerated Share Repurchase

This master confirmation (this “**Master Confirmation**”), dated as of February 9, 2022, is intended to set forth certain terms and provisions of certain Transactions (each, a “**Transaction**”) entered into from time to time between JPMorgan Chase Bank, National Association (“**JPMorgan**”) and Teradata Corporation, a Delaware corporation (“**Counterparty**”). This Master Confirmation, taken alone, is neither a commitment by either party to enter into any Transaction nor evidence of a Transaction. The additional terms of any particular Transaction shall be set forth in a Supplemental Confirmation in the form of Schedule A hereto (a “**Supplemental Confirmation**”), which shall reference this Master Confirmation and supplement, form a part of, and be subject to this Master Confirmation. This Master Confirmation and each Supplemental Confirmation together shall constitute a “Confirmation” as referred to in the Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the “**Equity Definitions**”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Master Confirmation. This Master Confirmation and each Supplemental Confirmation evidence a complete binding agreement between Counterparty and JPMorgan as to the subject matter and terms of each Transaction to which this Master Confirmation and such Supplemental Confirmation relate and shall supersede all prior or contemporaneous written or oral communications with respect thereto.

This Master Confirmation and each Supplemental Confirmation supplement, form a part of, and are subject to an agreement in the form of the ISDA 2002 Master Agreement (the “**Agreement**”) as if JPMorgan and Counterparty had executed the Agreement on the date of this Master Confirmation (but without any Schedule except for (i) the election of New York law as the governing law (without reference to its choice of law provisions) and (ii) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions).

The Transactions shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between JPMorgan and Counterparty or any confirmation or other agreement between JPMorgan and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between JPMorgan and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which JPMorgan and Counterparty are parties, the Transactions shall not be considered Transactions under, or otherwise governed by, such existing or deemed ISDA Master Agreement, and the occurrence of any Event of Default or Termination Event under the Agreement with respect to either party or any Transaction shall not, by itself, give rise to any right or obligation under any such other agreement or deemed agreement. Notwithstanding anything to the contrary in any other agreement between the parties or their Affiliates, the Transactions shall not be “Specified Transactions” (or similarly treated) under any other agreement between the parties or their Affiliates.

All provisions contained or incorporated by reference in the Agreement shall govern this Master Confirmation and each Supplemental Confirmation except as expressly modified herein or in the related Supplemental Confirmation.

If, in relation to any Transaction to which this Master Confirmation and a Supplemental Confirmation relate, there is any inconsistency between the Agreement, this Master Confirmation, such Supplemental Confirmation and the Equity Definitions, the following will prevail for purposes of such Transaction in the order of precedence indicated: (i) such Supplemental Confirmation; (ii) this Master Confirmation; (iii) the Equity Definitions; and (iv) the Agreement.

1. Each Transaction constitutes a Share Forward Transaction for the purposes of the Equity Definitions. Set forth below are the terms and conditions that, together with the terms and conditions set forth in the Supplemental Confirmation relating to any Transaction, shall govern such Transaction.

General Terms.

Trade Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Buyer: Counterparty

Seller: JPMorgan

Shares: The common stock of Counterparty, par value USD 0.01 per share (Exchange symbol "TDC").

Exchange: The New York Stock Exchange

Related Exchange(s): All Exchanges.

Prepayment/Variable Obligation: Applicable

Prepayment Amount: For each Transaction, as set forth in the related Supplemental Confirmation.

Prepayment Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Contract Fee: For each Transaction, as set forth in the related Supplemental Confirmation. On the Prepayment Date, Buyer shall pay Seller an amount in USD equal to the Contract Fee in immediately available funds by wire transfer to an account specified by Seller.

Valuation.

VWAP Price: For any Exchange Business Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for United States exchanges and quotation systems, during the regular trading session for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as determined in good faith by the Calculation Agent (all such trades other than any trades described in clauses (i) to (iv) above, "**Rule 10b-18 Eligible Transactions**"). Counterparty acknowledges that the Calculation Agent may refer to the Bloomberg Page "TDC US <Equity> AQR SEC" (or any successor thereto), in its judgment, for such Exchange Business Day to determine the VWAP Price.

Forward Price: For each Transaction, the arithmetic average of the VWAP Prices for all of the Exchange Business Days in the Calculation Period for such Transaction, subject to "Valuation Disruption" below.

Forward Price Adjustment Amount: For each Transaction, as set forth in the related Supplemental Confirmation.

Calculation Period: For each Transaction, the period from, and including, the Calculation Period Start Date for such Transaction to, and including, the Termination Date for such Transaction.

Calculation Period Start Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Termination Date: For each Transaction, the Scheduled Termination Date for such Transaction; provided that JPMorgan shall have the right to designate any Exchange Business Day on or after the First Acceleration Date to be the Termination Date for all or any part of such Transaction (an “**Accelerated Termination Date**”) by delivering notice (an “**Acceleration Notice**”) to Counterparty of any such designation prior to 6:00 p.m. (New York City time) on the Exchange Business Day immediately following the designated Accelerated Termination Date. JPMorgan shall specify in each Acceleration Notice the portion of the Prepayment Amount that is subject to acceleration (which may be less than the full Prepayment Amount). If the portion of the Prepayment Amount that is subject to acceleration is less than the full Prepayment Amount, then the Calculation Agent shall adjust the terms of the Transaction as appropriate in order to take into account the occurrence of such Accelerated Termination Date (including cumulative adjustments to take into account all prior Accelerated Termination Dates).

Scheduled Termination Date: For each Transaction, as set forth in the related Supplemental Confirmation, subject to postponement as provided in “Valuation Disruption” below.

First Acceleration Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation Disruption: The definition of “Market Disruption Event” in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words “at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and inserting the words “at any time on any Scheduled Trading Day during the Calculation Period or Settlement Valuation Period” after the word “material,” in the third line thereof.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Notwithstanding anything to the contrary in the Equity Definitions, if a Disrupted Day occurs (i) in the Calculation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, postpone the Scheduled Termination Date, or (ii) in the Settlement Valuation Period, the Calculation Agent may extend the Settlement Valuation Period; provided that in either case, the Calculation Agent shall not postpone the Scheduled Termination Date or extend the Settlement Valuation Period by a number of days that exceeds the number of applicable Disrupted Days. The Calculation Agent may also determine that (i) such Disrupted Day is a Disrupted Day in full, in which case the VWAP Price for such Disrupted Day shall not be included for purposes of determining the Forward Price or the Settlement Price, as the case may be, or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the VWAP Price for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 Eligible Transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption

Event, and the weighting of the VWAP Price for the relevant Exchange Business Days during the Calculation Period or the Settlement Valuation Period, as the case may be, shall be adjusted in a commercially reasonable manner by the Calculation Agent for purposes of determining the Forward Price or the Settlement Price, as the case may be, with such adjustments based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period for any Transaction or the Settlement Valuation Period for any Transaction, as the case may be, and each of the nine immediately following Scheduled Trading Days is a Disrupted Day (a “**Disruption Event**”), then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such Disruption Event (and each consecutive Disrupted Day thereafter) to be either (x) a Potential Adjustment Event in respect of such Transaction or (y) an Additional Termination Event in respect of such Transaction, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.

Settlement Terms.

Settlement Procedures: For each Transaction:

- (i) if the Number of Shares to be Delivered for such Transaction is positive, Physical Settlement shall be applicable to such Transaction; *provided* that JPMorgan does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by applicable securities laws with respect to any Shares delivered by JPMorgan to Counterparty under any Transaction; or
- (ii) if the Number of Shares to be Delivered for such Transaction is negative, then the Counterparty Settlement Provisions in Annex A hereto shall apply to such Transaction.

Number of Shares to be Delivered: For each Transaction, a number of Shares (rounded down to the nearest whole number) equal to (a)(i) the Prepayment Amount for such Transaction, *divided by* (ii)(A) the Forward Price for such Transaction *minus* (B) the Forward Price Adjustment Amount for such Transaction, *minus* (b) the number of Initial Shares for such Transaction; *provided* that if the result of the calculation in clause (a)(ii) is equal to or less than the Floor Price for such Transaction, then the Number of Shares to be Delivered for such Transaction shall be determined as if clause (a)(ii) were replaced with “(ii) the Floor Price for such Transaction”. For the avoidance of doubt, if the Forward Price Adjustment Amount for any Transaction is a negative number, clause (a)(ii) of the immediately preceding sentence shall be equal to (A) the

Forward Price for such Transaction, *plus* (B) the absolute value of the Forward Price Adjustment Amount.

Floor Price: For each Transaction, as set forth in the related Supplemental Confirmation.

Excess Dividend Amount: For the avoidance of doubt, all references to the Excess Dividend Amount shall be deleted from Section 9.2(a)(iii) of the Equity Definitions.

Settlement Date: For each Transaction, if the Number of Shares to be Delivered for all or such portion of such Transaction is positive (x) in the case of an Accelerated Termination Date, the date that is one Settlement Cycle immediately following the date on which JPMorgan delivers the relevant Acceleration Notice and (y) in the case of a Termination Date occurring on the Scheduled Termination Date, the date that is one Settlement Cycle immediately following the Termination Date, in either case, for all or such portion of such Transaction (the final Settlement Date, the “**Final Settlement Date**”).

Settlement Currency: USD

Initial Share Delivery: For each Transaction, JPMorgan shall deliver a number of Shares equal to the Initial Shares for such Transaction to Counterparty on the Initial Share Delivery Date for such Transaction in accordance with Section 9.4 of the Equity Definitions, with such Initial Share Delivery Date deemed to be a “Settlement Date” for purposes of such Section 9.4.

Initial Share Delivery Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Initial Shares: For each Transaction, as set forth in the related Supplemental Confirmation.

Share Adjustments.

Potential Adjustment Event: In addition to the events described in Section 11.2(e) of the Equity Definitions, it shall constitute an additional Potential Adjustment Event if (x) the Scheduled Termination Date for any Transaction is postponed pursuant to “Valuation Disruption” above (including, for the avoidance of doubt, pursuant to Section 7 hereof), (y) a Regulatory Disruption as described in Section 7 hereof occurs or (z) a Disruption Event occurs. In the case of any event described in clause (x), (y) or (z) above occurs, the Calculation Agent may, in its commercially reasonable discretion, adjust any relevant terms of such Transaction as necessary to preserve as nearly as practicable the fair value of such Transaction to JPMorgan prior to such postponement, Regulatory Disruption or Disruption Event, as the case may be.

Excess Dividend: Any dividend or distribution on the Shares (other than any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or any Extraordinary Dividend). “**Extraordinary Dividend**” means the per Share cash dividend or distribution, or a portion thereof, declared by Counterparty on the Shares that is classified by the board of directors of Counterparty as an “extraordinary” dividend.

Consequences of Excess Dividend: The declaration by the Issuer of any Excess Dividend, the ex-dividend date for which occurs or is scheduled to occur during the Relevant Dividend Period for any Transaction shall constitute an Additional Termination Event in respect of such Transaction, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.

Method of Adjustment: Calculation Agent Adjustment

Relevant Dividend Period: For each Transaction, the period from, and including, the Trade Date for such Transaction to, and including, the Relevant Dividend Period End Date for such Transaction.

Relevant Dividend Period End Date: For each Transaction, if the Number of Shares to be Delivered for such Transaction is negative, the last day of the Settlement Valuation Period; otherwise, the Termination Date for such Transaction.

Extraordinary Events.

Consequences of Merger Events:

- (a) Share-for-Share: Cancellation and Payment
- (b) Share-for-Other: Cancellation and Payment
- (c) Share-for-Combined: Cancellation and Payment

Tender Offer: Applicable; *provided* that (a) Section 12.1(l) of the Equity Definitions shall be amended by (i) deleting the parenthetical in the fifth line thereof, (ii) replacing “that” in the fifth line thereof with “whether or not such announcement” and (iii) adding immediately after the words “Tender Offer” in the fifth line thereof “, and any publicly announced change or amendment to such an announcement (including, without limitation, the announcement of an abandonment of such intention)” and (b) Sections 12.3(a) and 12.3(d) of the Equity Definitions shall each be amended by replacing each occurrence of the words “Tender Offer Date” by “Announcement Date.”

Consequences of Tender Offers:

- (a) Share-for-Share: Modified Calculation Agent Adjustment
- (b) Share-for-Other: Modified Calculation Agent Adjustment
- (c) Share-for-Combined: Modified Calculation Agent Adjustment

Nationalization, Insolvency or Delisting: Cancellation and Payment; *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

Additional Disruption Events:

- (a) Change in Law: Applicable; *provided* that (a) Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with

the phrase “, or public announcement of, the formal or informal interpretation”, (ii) replacing the word “Shares” where it appears in clause (X) thereof with the words “Hedge Positions” and (iii) immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by the Hedging Party on the Trade Date” and (b) JPMorgan shall not terminate any “Transaction” for a Change in Law referred to in clause (Y) of section 12.9(a)(ii) of the Equity Definitions to the extent it is not exercising its right to terminate as a result of such “Change in Law” with respect to other similarly situated counterparties in respect of similar transactions; *provided further* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word “regulation” in the second line thereof with the words “(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)”.

(b) Failure to Deliver: Applicable

(c) Insolvency Filing: Applicable

(d) Loss of Stock Borrow: Applicable

Maximum Stock Loan Rate: For each Transaction, as set forth in the related Supplemental Confirmation.

Hedging Party: JPMorgan

Determining Party: JPMorgan

(e) Hedging Disruption: Applicable

Hedging Party: JPMorgan

Determining Party: JPMorgan

(f) Increased Cost of Hedging: Applicable

Hedging Party: JPMorgan

Determining Party: JPMorgan

(g) Increased Cost of Stock Borrow: Applicable

Initial Stock Loan Rate: For each Transaction, as set forth in the related Supplemental Confirmation.

Hedging Party: JPMorgan

Determining Party: JPMorgan. Whenever the Determining Party is required to make any calculation or adjustment with respect to any Transaction hereunder, it shall do so in good faith and in a commercially reasonable manner and to the extent applicable, in a manner consistent with the requirements, policies or procedures of the Determining Party that are generally applicable in similar situations and applied to similar transactions in a non-discriminatory manner.

Hedging Adjustments: For the avoidance of doubt, whenever the Calculation Agent is called upon to make an adjustment pursuant to the terms of this Master Confirmation or the Equity Definitions to take into account the effect of an event, the Calculation Agent shall make such adjustment by reference to the effect of such event on JPMorgan,

assuming that JPMorgan maintains a commercially reasonable Hedge Position.

Non-Reliance/Agreements and
Acknowledgements Regarding
Hedging Activities/Additional
Acknowledgements: Applicable

2.

Calculation Agent. JPMorgan; *provided* that if at any time an Event of Default pursuant to Section 5(a)(vii) of the Agreement has occurred and is continuing with respect to which JPMorgan is the Defaulting Party, then Counterparty may appoint a nationally recognized, third-party dealer in the over-the-counter corporate equity derivatives market to act as Calculation Agent. Whenever the Calculation Agent is required to act or to exercise judgment in any way with respect to any Transaction hereunder, it will do so in good faith and in a commercially reasonable manner.

Following any adjustment or calculation by the Calculation Agent hereunder, the Calculation Agent will, no later than five Exchange Business Days of a written request by Counterparty, provide to Counterparty a report (in a commonly used file format for the storage and manipulation of financial data without disclosing any proprietary or confidential models or other information that is proprietary or confidential) displaying in reasonable detail the basis for such adjustment or calculation, as the case may be.

3.

Account Details.

(a) Account for payments to Counterparty:

Bank:
ABA#:
Acct No.:
Beneficiary:
Ref:

Account for delivery of Shares to Counterparty:

(b) Account for payments to JPMorgan:

Bank:
ABA#:
Acct No.:
Beneficiary:
Ref:

Account for delivery of Shares to JPMorgan:

4.

Offices.

(a) The Office of Counterparty for each Transaction is: Inapplicable, Counterparty is not a Multibranch Party.

(b) The Office of JPMorgan for each Transaction is: New York

JPMorgan Chase Bank, National Association
New York Branch
383 Madison Avenue
New York, NY, 10179

5. **Notices.**

- (a) Address for notices or communications to Counterparty:

Teradata Corporation
17095 Via Del Campo
San Diego, California 92127
Attention: Brian Pierson, Treasurer
Telephone No.:
E-mail:

- (b) Address for notices or communications to JPMorgan:

JPMorgan Chase Bank, National Association
EDG Marketing Support
Email:

With a copy to:

Attention: Brett Chalmers
Title: Executive Director
Telephone No.:
Email Address:

6. **Representations, Warranties and Agreements.**

- (a) *Additional Representations, Warranties and Covenants of Each Party.* In addition to the representations, warranties and covenants in the Agreement, each party represents, warrants and covenants to the other party that:
- (i) It is an “eligible contract participant” (as such term is defined in the Commodity Exchange Act, as amended).
 - (ii) The offer and sale of each Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), by virtue of Section 4(a)(2) thereof. Accordingly, each party represents and warrants to the other that (A) it has the financial ability to bear the economic risk of its investment in each Transaction and is able to bear a total loss of its investment, (B) it is an “accredited investor” as that term is defined under Regulation D under the Securities Act and (C) the disposition of each Transaction is restricted under this Master Confirmation, the Securities Act and state securities laws.
- (b) *Additional Representations, Warranties and Covenants of Counterparty.* In addition to the representations, warranties and covenants in the Agreement, Counterparty represents, warrants and covenants to JPMorgan that:
- (i) As of the Trade Date for each Transaction hereunder, Counterparty is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of this Master Confirmation and the Supplemental Confirmation for such Transaction has been duly authorized, executed and delivered by Counterparty and (assuming due authorization, execution and delivery thereof by JPMorgan) this Master Confirmation, as supplemented by such Supplemental Confirmation, constitutes a valid and legally binding obligation of Counterparty. Counterparty has all corporate power to enter into this Master Confirmation and such Supplemental Confirmation and to consummate the transactions contemplated hereby and thereby and to purchase the Shares and deliver any Settlement Shares in accordance with the terms hereof and thereof.
 - (ii) As of the Trade Date for each Transaction hereunder, the execution and delivery by Counterparty of, and the performance by Counterparty of its obligations under, this Master Confirmation and the Supplemental Confirmation for such Transaction, and the consummation of the transactions herein and therein contemplated, do not conflict with or violate (A) any provision of the certificate of incorporation, by-laws or other constitutive documents of Counterparty, (B) any statute or order, rule, regulation or judgment of any court or governmental agency or body having jurisdiction over Counterparty or any of its

subsidiaries or any of their respective assets or (C) any contractual restriction binding on or affecting Counterparty or any of its subsidiaries or any of its assets.

- (iii) As of the Trade Date for each Transaction hereunder, all governmental and other consents that are required to have been obtained by Counterparty with respect to performance, execution and delivery of this Master Confirmation and the Supplemental Confirmation for such Transaction have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- (iv) As of the Trade Date for each Transaction hereunder, (A) such Transaction is being entered into pursuant to a publicly disclosed Share buy-back program and its Board of Directors has approved the use of derivatives to effect the Share buy-back program, and (B) there is no internal policy of Counterparty, whether written or oral, that would prohibit Counterparty from entering into any aspect of such Transaction, including, without limitation, the purchases of Shares to be made pursuant to such Transaction.
- (v) As of the Trade Date for each Transaction hereunder, the purchase or writing of such Transaction and the transactions contemplated hereby will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.
- (vi) As of the Trade Date for each Transaction hereunder, it is not entering into such Transaction (A) on the basis of, and is not aware of, any material non-public information regarding Counterparty or the Shares, (B) in anticipation of, in connection with, or to facilitate, a distribution of its securities, a self tender offer or a third-party tender offer in violation of the Exchange Act or (C) to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).
- (vii) Counterparty (A) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (B) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (C) has total assets of at least USD 50,000,000 as of the date hereof.
- (viii) As of the Trade Date for each Transaction hereunder Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed by it pursuant to the Exchange Act, taken together and as amended and supplemented to the date of this representation, do not, as of their respective filing dates, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (ix) Counterparty has made, and will make, all filings required to be made by it with the Securities and Exchange Commission, any securities exchange or any other regulatory body with respect to each Transaction.
- (x) (A) The Shares are not, as of the Calculation Period Start Date, and (B) Counterparty will not, at any time during any Regulation M Period (as defined below) for any Transaction, cause the Shares to be, subject to a “restricted period” (as defined in Regulation M promulgated under the Exchange Act) unless, in the case of clause (B), Counterparty has provided written notice to JPMorgan of such restricted period not later than the Scheduled Trading Day immediately preceding the first day of such “restricted period”; Counterparty acknowledges that any such notice may cause a Disrupted Day to occur pursuant to Section 7 hereof; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 8 hereof. Counterparty is not currently contemplating any “distribution” (as defined in Regulation M promulgated under the Exchange Act) of Shares, or any security for which Shares are a “reference security” (as defined in Regulation M promulgated under the Exchange Act), in each case other than a distribution meeting the requirements of the exception set forth in Rule 102(b)(4) of Regulation M or a distribution of securities pursuant to a plan that satisfies the conditions in Rule 102(c) of Regulation M. “**Regulation M Period**” means, for any Transaction, (A) the Relevant Period (as defined below) for such Transaction, (B) the

Settlement Valuation Period, if any, for such Transaction and (C) the Seller Termination Purchase Period (as defined below), if any, for such Transaction. “**Relevant Period**” means, for any Transaction, the period commencing on the Calculation Period Start Date for such Transaction and ending on the later of (1) the earlier of (x) the Scheduled Termination Date and (y) the last Additional Relevant Day (as specified in the related Supplemental Confirmation) for such Transaction, or such earlier day as elected by JPMorgan and communicated to Counterparty on such day (or, if later, the First Acceleration Date without regard to any acceleration thereof pursuant to “Special Provisions for Acquisition Transaction Announcements” below) and (2) if Section 15 hereof is applicable to such Transaction, the date on which all deliveries owed pursuant to such Section 15 have been made.

- (xi) As of the Trade Date, the Prepayment Date, the Initial Share Delivery Date, the Settlement Date, any Cash Settlement Payment Date and any Settlement Method Election Date for each Transaction, Counterparty is not, and will not be, “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “**Bankruptcy Code**”)) and Counterparty would be able to purchase a number of Shares with a value equal to the Prepayment Amount in compliance with the laws of the jurisdiction of Counterparty’s incorporation.
 - (xii) Counterparty is not, and after giving effect to each Transaction will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.
 - (xiii) [Reserved]
 - (xiv) Counterparty has not entered, and will not enter, into any repurchase transaction with respect to the Shares (or any security convertible into or exchangeable for the Shares) (including, without limitation, any agreements similar to the Transactions described herein) where any initial hedge period, calculation period, relevant period, settlement valuation period or seller termination purchase period (each however defined) in such other transaction will overlap at any time (including, without limitation, as a result of extensions in such initial hedge period, calculation period, relevant period, settlement valuation period or seller termination purchase period as provided in the relevant agreements) with any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) under this Master Confirmation. In the event that the initial hedge period, relevant period, calculation period or settlement valuation period in any other transaction overlaps with any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) under this Master Confirmation as a result of any postponement of the Scheduled Termination Date or extension of the Settlement Valuation Period pursuant to “Valuation Disruption” above or any analogous provision in such other transaction, Counterparty shall promptly amend such other transaction to avoid any such overlap.
 - (xv) Counterparty shall, at least one day prior to the first day of the Calculation Period, the Settlement Valuation Period, if any, or the Seller Termination Purchase Period, if any, for any Transaction, notify JPMorgan of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception set forth in paragraph (b)(4) of Rule 10b-18 under the Exchange Act (“**Rule 10b-18**”) by or for Counterparty or any of its “affiliated purchasers” (as defined in Rule 10b-18) during each of the four calendar weeks preceding such day and during the calendar week in which such day occurs (“Rule 10b-18 purchase” and “blocks” each being used as defined in Rule 10b-18), which notice shall be substantially in the form set forth in Schedule B hereto.
 - (xvi) As of the Trade Date for each Transaction hereunder, and as of the date of any election with respect to any Transaction hereunder, there has not been any Merger Announcement that remains pending (as defined below).
 - (xvii) The assets of Counterparty do not constitute “plan assets” under the Employee Retirement Income Security Act of 1974, as amended, the Department of Labor Regulations promulgated thereunder or similar law.
- (c) *Additional Covenant of JPMorgan.* JPMorgan agrees to use good faith efforts, during the Calculation Period and any Settlement Valuation Period (as defined in Annex A) for any

Transaction, to make all purchases of Shares in connection with such Transaction in a manner that would comply with the limitations set forth in clauses (b)(2), (b)(3) and (b)(4) of Rule 10b-18, as if such rule were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond JPMorgan's control; provided that, during the Calculation Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for JPMorgan's own account or the account of its affiliate(s) the optionality arising under a Transaction (including, for the avoidance of doubt, timing optionality) or that JPMorgan reasonably believes are attributable solely to JPMorgan; provided further that, without limiting the generality of the first sentence of this Section 6(c), JPMorgan shall not be responsible for any failure to comply with Rule 10b-18(b)(3) to the extent any transaction that was executed (or deemed to be executed) by or on behalf of Counterparty or an "affiliated purchaser" (as defined under Rule 10b-18) pursuant to a separate agreement is not deemed to be an "independent bid" or an "independent transaction" for purposes of Rule 10b-18(b)(3).

7. **Regulatory Disruption.** In the event that JPMorgan concludes, in its reasonable, good faith discretion, that it is appropriate with respect to any legal, regulatory or self-regulatory requirements or related policies and procedures (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by JPMorgan, *provided* that such requirements or related policies or procedures are applicable to transactions in similar situations and applied to any Transaction hereunder in a non-discriminatory manner), for it to refrain from or decrease any market activity on any Scheduled Trading Day or Days during the Calculation Period or, if applicable, the Settlement Valuation Period, JPMorgan may by written notice to Counterparty elect to deem that a Market Disruption Event has occurred and will be continuing on such Scheduled Trading Day or Days. Any such Scheduled Trading Day on which a Market Disruption Event is deemed to have occurred pursuant to this Section 7 shall be a Disrupted Day in full, and not a Disrupted Day only in part.
8. **10b5-1 Plan.** Counterparty represents, warrants and covenants to JPMorgan that:
 - (a) Counterparty is entering into this Master Confirmation and each Transaction hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act ("**Rule 10b5-1**") or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Counterparty acknowledges that it is the intent of the parties that each Transaction entered into under this Master Confirmation comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and each Transaction entered into under this Master Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).
 - (b) During the Calculation Period and the Settlement Valuation Period, if any, for any Transaction and in connection with the delivery of any Alternative Delivery Units for any Transaction, JPMorgan (or its agent or Affiliate) may effect transactions in Shares in connection with such Transaction. The timing of such transactions by JPMorgan, the price paid or received per Share pursuant to such transactions and the manner in which such transactions are made, including, without limitation, whether such transactions are made on any securities exchange or privately, shall be within the sole judgment of JPMorgan. Counterparty acknowledges and agrees that all such transactions shall be made in JPMorgan's sole judgment and for JPMorgan's own account.
 - (c) Counterparty does not have, and shall not attempt to exercise, any control or influence over how, when or whether JPMorgan (or its agent or Affiliate) makes any "purchases or sales" (within the meaning of Rule 10b5-1(c)(1)(i)(B)(3)) in connection with any Transaction, including, without limitation, over how, when or whether JPMorgan (or its agent or Affiliate) enters into any hedging transactions. Counterparty represents and warrants that it has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Master Confirmation and each Supplemental Confirmation under Rule 10b5-1.
 - (d) Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of this Master Confirmation or any Supplemental Confirmation must be effected in accordance with the requirements for the amendment or termination of a "plan" as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.

- (e) Counterparty shall not, directly or indirectly, communicate any information relating to the Shares or any Transaction (including, without limitation, any notices required by Section 10(a) hereof) to any employee of JPMorgan, other than as set forth in the Communications Procedures attached as Annex B hereto.

9. **Counterparty Purchases.** Counterparty (or any “affiliate” or “affiliated purchaser” as defined in Rule 10b-18) shall not, without the prior written consent of JPMorgan, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or equivalent interest, including, without limitation, a unit of beneficial interest in a trust or limited partnership or a depository share), listed contracts on the Shares or securities that are convertible into, or exchangeable or exercisable for Shares (including, without limitation, any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18)) during any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable), under this Master Confirmation; *provided* that the foregoing shall not limit (i) Counterparty’s ability, pursuant to its equity incentive plans, to re-acquire Shares in connection with the related equity transactions, (ii) Counterparty’s ability to withhold shares to cover tax liabilities associated with such equity transactions or (iii) Counterparty’s ability to grant stock, restricted stock units and options to “affiliated purchasers” (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock, restricted stock units or options, in connection with Counterparty’s compensation policies for directors, officers and employees. Further, Counterparty or an “affiliate” or an “affiliated purchaser” (as defined in Rule 10b-18) may purchase Shares during any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) through JPMorgan or an affiliate of JPMorgan pursuant to any Rule 10b5-1 repurchase plan or Rule 10b-18 repurchase, so long as such purchases do not in the aggregate exceed, on any Exchange Business Day, the Specified ADTV Percentage (as defined in the Supplemental Confirmation) for such Transaction for such Exchange Business Day.

10. **Special Provisions for Merger Transactions.** Notwithstanding anything to the contrary herein or in the Equity Definitions:

- (a) Counterparty agrees that it:
 - (i) will not during the period commencing on the Trade Date for any Transaction and ending on the last day of the Relevant Period or, if applicable, the later of the last day of the Settlement Valuation Period and the last day of the Seller Termination Purchase Period, for such Transaction make, or permit to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a “**Merger Announcement**”) unless such Merger Announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares;
 - (ii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify JPMorgan following any such Merger Announcement that such Merger Announcement has been made; and
 - (iii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide JPMorgan with written notice specifying (i) Counterparty’s average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date of any Merger Transaction or potential Merger Transaction that were not effected through JPMorgan or its Affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the announcement date of any Merger Transaction or potential Merger Transaction. Such written notice shall be deemed to be a certification by Counterparty to JPMorgan that such information is true and correct. In addition, Counterparty shall promptly notify JPMorgan of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.
- (b) Counterparty acknowledges that any such Merger Announcement or delivery of a notice with respect thereto may cause the terms of any Transaction to be adjusted or such Transaction to be terminated; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 8 hereof.
- (c) Upon the occurrence of any Merger Announcement (whether made by Counterparty or a third party), JPMorgan in its good faith and reasonable discretion may (i) make commercially

reasonable adjustments to the terms of any Transaction, including, without limitation, the Scheduled Termination Date or the Forward Price Adjustment Amount, to account for the economic effect of such Merger Announcement in order to maintain a commercially reasonable hedge position with respect to such Transaction in a commercially reasonable manner and/or suspend the Calculation Period and/or any Settlement Valuation Period or (ii) treat the occurrence of such Merger Announcement as an Additional Termination Event with Counterparty as the sole Affected Party and the Transactions hereunder as the Affected Transactions and with the amount under Section 6(e) of the Agreement determined taking into account the fact that the Calculation Period or Settlement Valuation Period, as the case may be, had fewer Scheduled Trading Days than originally anticipated.

“Merger Transaction” means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act.

11. Special Provisions for Acquisition Transaction Announcements. Notwithstanding anything to the contrary herein or in the Equity Definitions:

- (a) If an Acquisition Transaction Announcement occurs on or prior to the Final Settlement Date for any Transaction, then the Calculation Agent shall make such adjustments to the exercise, settlement, payment or any other terms of such Transaction as the Calculation Agent determines appropriate (including, without limitation and for the avoidance of doubt, adjustments that would allow the Number of Shares to be Delivered to be less than zero), at such time or at multiple times as the Calculation Agent determines appropriate, to account for the economic effect on such Transaction of such event (including adjustments to account for changes in volatility, expected dividends, stock loan rate, value of any commercially reasonable Hedge Positions in connection with the Transaction and liquidity relevant to the Shares or to such Transaction). If an Acquisition Transaction Announcement occurs after the Trade Date, but prior to the First Acceleration Date of any Transaction, the First Acceleration Date shall be the date of such Acquisition Transaction Announcement. If the Number of Shares to be Delivered for any settlement of any Transaction is a negative number, then the terms of the Counterparty Settlement Provisions in Annex A hereto shall apply.
- (b) **“Acquisition Transaction Announcement”** means (i) the announcement of an Acquisition Transaction or an event that, if consummated, would result in an Acquisition Transaction, (ii) an announcement that Counterparty or any of its subsidiaries has entered into an agreement, a letter of intent or an understanding designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that may include, an Acquisition Transaction, (iv) any other announcement that in the reasonable judgment of the Calculation Agent may result in an Acquisition Transaction, or (v) any announcement of any change or amendment to any previous Acquisition Transaction Announcement (including any announcement of the abandonment of any such previously announced Acquisition Transaction, agreement, letter of intent, understanding or intention). For the avoidance of doubt, announcements as used in the definition of Acquisition Transaction Announcement refer to any public announcement whether made by the Issuer or a third party.
- (c) **“Acquisition Transaction”** means (i) any Merger Event (for purposes of this definition the definition of Merger Event shall be read with the references therein to “100%” being replaced by “25%” and references to “50%” being replaced by “75%” and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the merger of Counterparty with or into any third party, (ii) the sale or transfer of all or substantially all of the assets of Counterparty, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction with respect to Counterparty, (iv) any acquisition by Counterparty or any of its subsidiaries where the aggregate consideration transferable by Counterparty or its subsidiaries exceeds 15% of the market capitalization of Counterparty, (v) any lease, exchange, transfer, disposition (including, without limitation, by way of spin-off or distribution) of assets (including, without limitation, any capital stock or other ownership interests in subsidiaries) or other similar event by Counterparty or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Counterparty or its subsidiaries exceeds 15% of the market capitalization of Counterparty or (vi) any transaction in which Counterparty or its board of directors has a legal obligation to make a recommendation to its shareholders in respect of such transaction (whether pursuant to Rule 14e-2 under the Exchange Act or otherwise).

12. Acknowledgments.

- (a) The parties hereto intend for:

- (i) each Transaction to be a “securities contract” as defined in Section 741(7) of the Bankruptcy Code and a “forward contract” as defined in Section 101(25) of the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Sections 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 555, 556, 560 and 561 of the Bankruptcy Code;
 - (ii) the Agreement to be a “master netting agreement” as defined in Section 101(38A) of the Bankruptcy Code;
 - (iii) a party’s right to liquidate, terminate or accelerate any Transaction, net out or offset termination values or payment amounts, and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement with respect to the other party or any Extraordinary Event that results in the termination or cancellation of any Transaction to constitute a “contractual right” (as defined in the Bankruptcy Code); and
 - (iv) all payments for, under or in connection with each Transaction, all payments for the Shares (including, for the avoidance of doubt, payment of the Prepayment Amount) and the transfer of such Shares to constitute “settlement payments” and “transfers” (as defined in the Bankruptcy Code).
- (b) Counterparty acknowledges that:
- (i) during the term of any Transaction, JPMorgan and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to such Transaction;
 - (ii) JPMorgan and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to any Transaction;
 - (iii) JPMorgan shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty’s securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the VWAP Price;
 - (iv) any market activities of JPMorgan and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price, the VWAP Price and the Settlement Price, each in a manner that may be adverse to Counterparty; and
 - (v) each Transaction is a derivatives transaction in which it has granted JPMorgan an option; JPMorgan may purchase shares for its own account at an average price that may be greater than, or less than, the price paid by Counterparty under the terms of the related Transaction.

13. No Collateral, Netting or Setoff. Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are neither secured by any collateral nor guaranteed by any subsidiary of Counterparty. Obligations under any Transaction shall not be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against any other obligations of the parties, whether arising under the Agreement, this Master Confirmation or any Supplemental Confirmation, or under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against obligations under any Transaction, whether arising under the Agreement, this Master Confirmation or any Supplemental Confirmation, or under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff, netting or recoupment.

14. Delivery of Shares. Notwithstanding anything to the contrary herein, JPMorgan may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an “**Original Delivery Date**”) by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.

15. **Alternative Termination Settlement.** In the event that (a) an Early Termination Date (whether as a result of an Event of Default or a Termination Event) occurs or is designated with respect to any Transaction or (b) any Transaction is cancelled or terminated upon the occurrence of an Extraordinary Event (except as a result of (i) a Nationalization, Insolvency or Merger Event in which the consideration to be paid to holders of Shares consists solely of cash, (ii) a Merger Event or Tender Offer that is within Counterparty's control, or (iii) an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party other than an Event of Default of the type described in Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or a Termination Event of the type described in Section 5(b) of the Agreement, in each case that resulted from an event or events outside Counterparty's control), if either party would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement or any Cancellation Amount pursuant to Article 12 of the Equity Definitions (any such amount, a "**Payment Amount**"), then, in lieu of any payment of such Payment Amount, unless Counterparty makes an election to the contrary no later than the Early Termination Date or the date on which such Transaction is terminated or cancelled, Counterparty or JPMorgan, as the case may be, shall deliver to the other party a number of Shares (or, in the case of a Nationalization, Insolvency or Merger Event, a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in such Nationalization, Insolvency or Merger Event, as the case may be (each such unit, an "**Alternative Delivery Unit**")) with a value equal to the Payment Amount, as determined by the Calculation Agent over a commercially reasonable period of time (and the parties agree that, in making such determination of value, the Calculation Agent may take into account a number of factors, including, without limitation, the market price of the Shares or Alternative Delivery Units on the Early Termination Date or the date of early cancellation or termination, as the case may be, and, if such delivery is made by JPMorgan, the prices at which JPMorgan purchases Shares or Alternative Delivery Units in a commercially reasonable manner and within a commercially reasonable time period to fulfill its delivery obligations under this Section 15, *provided* that such purchase prices reflect the prevailing market prices of the Shares or Alternative Delivery Units, as the case may be); *provided* that in determining the composition of any Alternative Delivery Unit, if the relevant Nationalization, Insolvency or Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash; and *provided further* that Counterparty may elect that the provisions of this Section 15 above providing for the delivery of Shares or Alternative Delivery Units, as the case may be, shall not apply only if Counterparty represents and warrants to JPMorgan, in writing on the date it notifies JPMorgan of such election, that, as of such date, Counterparty is not aware of any material non-public information regarding Counterparty or the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws. If delivery of Shares or Alternative Delivery Units, as the case may be, pursuant to this Section 15 is to be made by Counterparty, paragraphs 2 through 7 of Annex A hereto shall apply as if (A) such delivery were a settlement of such Transaction to which Net Share Settlement applied, (B) the Cash Settlement Payment Date were the Early Termination Date or the date of early cancellation or termination, as the case may be, and (C) the Forward Cash Settlement Amount were equal to (x) zero *minus* (y) the Payment Amount owed by Counterparty. For the avoidance of doubt, if Counterparty validly elects for the provisions of this Section 15 relating to the delivery of Shares or Alternative Delivery Units, as the case may be, not to apply to any Payment Amount, the provisions of Article 12 of the Equity Definitions, or the provisions of Section 6(d)(ii) of the Agreement, as the case may be, shall apply. If delivery of Shares or Alternative Delivery Units, as the case may be, is to be made by JPMorgan pursuant to this Section 15, the period during which JPMorgan purchases Shares or Alternative Delivery Units to fulfill its delivery obligations under this Section 15 shall be referred to as the "**Seller Termination Purchase Period**."
16. **Calculations and Payment Date upon Early Termination.** The parties acknowledge and agree that in calculating (a) the Close-Out Amount pursuant to Section 6 of the Agreement and (b) the amount due upon cancellation or termination of any Transaction (whether in whole or in part) pursuant to Article 12 of the Equity Definitions as a result of an Extraordinary Event, JPMorgan may (but need not) in a commercially reasonable manner determine such amount based on (i) expected losses assuming a commercially reasonable (including, without limitation, with regard to reasonable legal and regulatory guidelines) risk bid were used to determine loss or (ii) the price at which one or more market participants would offer to sell to the Seller a block of Shares equal in number to the Seller's hedge position in relation to the Transaction. Notwithstanding anything to the contrary in Section 6(d)(ii) of the Agreement or Article 12 of the Equity Definitions, all amounts calculated as being due in respect of an Early Termination Date under Section 6(e) of the Agreement or upon cancellation or termination of the relevant Transaction under Article 12 of the Equity Definitions will be payable on (a) the day that notice of the amount payable is effective, if such notice is delivered at or prior to 12:00 p.m. (New York time) on a Local Business Day, and (b) the Local Business Day immediately following delivery, if such notice is delivered otherwise; *provided* that if Counterparty elects to receive or deliver Shares or Alternative Delivery Units in accordance with Section 15 hereof, such Shares or Alternative Delivery Units shall be delivered on a date selected by JPMorgan as promptly as practicable.

17. **Limit on Beneficial Ownership.** Notwithstanding any other provisions hereof, JPMorgan may not be entitled to take delivery of any Shares deliverable hereunder to the extent (but only to the extent) that, after such receipt of any Shares hereunder, the Equity Percentage would exceed 7.5%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery the Equity Percentage would exceed 7.5%. If any delivery owed to JPMorgan hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Business Day after, JPMorgan gives notice to Counterparty that, after such delivery, the Equity Percentage would not exceed 7.5%. The "Equity Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that JPMorgan and any of its affiliates or any other person subject to aggregation with JPMorgan for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13) of which JPMorgan is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.
18. **Maximum Share Delivery.** Notwithstanding anything to the contrary in this Master Confirmation, in no event shall JPMorgan be required to deliver any Shares, or any Shares or other securities comprising Alternative Delivery Units, in respect of any Transaction in excess of the Maximum Number of Shares set forth in the Supplemental Confirmation for such Transaction.
19. **Additional Termination Events.**
- (a) The occurrence of an event described in paragraph III of Annex B hereto will constitute an Additional Termination Event, with Counterparty as the sole Affected Party and the Transactions specified in such paragraph III as the Affected Transactions.
 - (b) Notwithstanding anything to the contrary in Section 6 of the Agreement, if a Termination Price is specified in the Supplemental Confirmation for any Transaction, then an Additional Termination Event will occur without any notice or action by JPMorgan or Counterparty if the price of the Shares on the Exchange at any time falls below such Termination Price, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.
20. **Non-confidentiality.** JPMorgan and Counterparty hereby acknowledge and agree that, subject to Section 8(e) hereof, each is authorized to disclose every aspect of this Master Confirmation, any Supplemental Confirmation and the transactions contemplated hereby and thereby to any and all persons, without limitation of any kind, and there are no express or implied agreements, arrangements or understandings to the contrary.
21. **Counterparty Indemnification.** Counterparty agrees to indemnify and hold harmless JPMorgan and its officers, directors, employees, Affiliates, advisors, agents and controlling persons (each, an "**Indemnified Person**") from and against any and all losses, claims, damages and liabilities, joint or several (collectively, "**Obligations**"), to which an Indemnified Person may become subject arising out of or in connection with any breach of any covenant or representation or warranty made by Counterparty in this Master Confirmation or any Supplemental Confirmation, or any claim, litigation, investigation or proceeding relating thereto, regardless of whether any of such Indemnified Person is a party thereto, and to reimburse, within 30 days, upon written request, each such Indemnified Person for any reasonable legal or other expenses incurred in connection with investigating, preparation for, providing evidence for or defending any of the foregoing; *provided, however*, that Counterparty shall not have any liability to any Indemnified Person to the extent that such Obligations (a) are finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person (and in such case, such Indemnified Person shall promptly return to Counterparty any amounts previously expended by Counterparty hereunder) or (b) are trading losses incurred by JPMorgan as part of its purchases or sales of Shares pursuant to this Master Confirmation or any Supplemental Confirmation (unless such trading losses are related to the breach of any agreement, term or covenant herein).
22. **Assignment and Transfer.** Notwithstanding anything to the contrary in the Agreement, JPMorgan may assign any of its rights or duties hereunder to any one or more of its Affiliates without the prior written consent of Counterparty; *provided* that (a) such Affiliate has a rating for its long term, unsecured and unsubordinated indebtedness that is equal to or better than JPMorgan's credit rating at the time of such transfer or assignment, or (2) such Affiliate's obligations hereunder will be guaranteed, pursuant to the terms of a customary guarantee in a form used by JPMorgan generally for similar transactions by similar issuers, by JPMorgan or JPMorgan's ultimate parent. Notwithstanding any other provision in this Master

Confirmation to the contrary requiring or allowing JPMorgan to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, JPMorgan may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform JPMorgan's obligations in respect of any Transaction and any such designee may assume such obligations. JPMorgan may assign the right to receive Settlement Shares to any third party who may legally receive Settlement Shares. JPMorgan shall be discharged of its obligations to Counterparty only to the extent of any such performance. For the avoidance of doubt, JPMorgan hereby acknowledges that notwithstanding any such designation hereunder, to the extent any of JPMorgan's obligations in respect of any Transaction are not completed by its designee, JPMorgan shall be obligated to continue to perform or to cause any other of its designees to perform in respect of such obligations.

23. Amendments to the Equity Definitions, Agreement.

- (a) Section 11.2(a) of the Equity Definitions is hereby amended by deleting the words "a diluting or concentrative" and replacing them with the word "a material economic"; and adding the phrase "or such Transaction *provided* that such event is not based on (a) an observable market, other than the market for Counterparty's own stock, or (b) an observable index, other than an index calculated and measured solely by reference to Counterparty's own operations" at the end of the sentence.
- (b) Section 11.2(c) of the Equity Definitions is hereby amended by (i) replacing the words "a diluting or concentrative" with "a material economic" in the fifth line thereof, (ii) adding the phrase "or such Transaction" after the words "the relevant Shares" in the same sentence, (iii) deleting the words "diluting or concentrative" in the sixth to last line thereof with the word "material economic", and (iv) deleting the phrase "(provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Shares)" and replacing it with the phrase "(and, for the avoidance of doubt, adjustments may be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Shares)."
- (c) Section 11.2(e)(vii) of the Equity Definitions is hereby amended by deleting the words "a diluting or concentrative" and replacing them with the words "a material economic"; and adding the phrase "or the relevant Transaction" at the end of the sentence.
- (d) Section 12.6(a)(ii) of the Equity Definitions is hereby amended by (i) deleting from the fourth line thereof the word "or" after the word "official" and inserting a comma therefor, and (ii) deleting the semi-colon at the end of subsection (B) thereof and inserting the following words therefor "or (C) at JPMorgan's option, the occurrence of any of the events specified in Section 5(a)(vii) (1) through (9) of the ISDA Master Agreement with respect to that Issuer."
- (e) Section 12.9(b)(iv) of the Equity Definitions is hereby amended by:
 - (i) deleting (1) subsection (A) in its entirety, (2) the phrase "or (B)" following subsection (A) and (3) the phrase "in each case" in subsection (B); and
 - (ii) replacing the phrase "neither the Non-Hedging Party nor the Lending Party lends Shares" with the phrase "such Lending Party does not lend Shares" in the penultimate sentence.
- (f) Section 12.9(b)(v) of the Equity Definitions is hereby amended by:
 - (i) adding immediately after subsection (C) the following: " provided that the Non-Hedging Party may so elect to terminate the Transaction only if the Non-Hedging Party represents and warrants to the Hedging Party in writing on the date it notifies the Hedging Party of such election that, as of such date, the Non-Hedging Party is not aware of any material non-public information regarding Counterparty or the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws"; and
 - (ii) deleting clause (X) in the final sentence.
- (g) Section 12.9(b)(vi) of the Equity Definitions is hereby amended by:
 - adding immediately after subsection (C) the following: " provided that the Non-Hedging Party may so elect to terminate the Transaction only if the Non-Hedging Party represents and warrants to the Hedging Party in writing on the date it notifies the Hedging Party of

such election that, as of such date, the Non-Hedging Party is not aware of any material non-public information regarding Counterparty or the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws”.

- (h) Section 12(a) of the Agreement is hereby amended by (1) deleting the phrase “or email” in the third line thereof and (2) deleting the phrase “or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day” in the final clause thereof.
24. **Extraordinary Dividend.** The declaration by Counterparty of any Extraordinary Dividend with an ex-dividend date during the period commencing on the Trade Date for any Transaction and ending on the last day of the Relevant Period or, if applicable, the later of the last day of the Settlement Valuation Period and the last day of the Seller Termination Purchase Period, for such Transaction, will constitute an Additional Termination Event with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.
25. **Status of Claims in Bankruptcy.** JPMorgan acknowledges and agrees that neither this Master Confirmation nor any Supplemental Confirmation is intended to convey to JPMorgan rights against Counterparty with respect to any Transaction that are senior to the claims of common stockholders of Counterparty in any United States bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit JPMorgan’s right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to any Transaction; *provided further* that nothing herein shall limit or shall be deemed to limit JPMorgan’s rights in respect of any transactions other than any Transaction.
26. **Wall Street Transparency and Accountability Act.** In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (“**WSTAA**”), the parties hereby agree that neither the enactment of WSTAA or any regulation under the WSTAA, nor any requirement under WSTAA or an amendment made by WSTAA, nor any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the date of this Master Confirmation, shall limit or otherwise impair either party’s otherwise applicable rights to terminate, renegotiate, modify, amend or supplement any Supplemental Confirmation, this Master Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under any Supplemental Confirmation, this Master Confirmation, the Equity Definitions incorporated herein, or the Agreement (including, without limitation, rights arising from Change in Law, Loss of Stock Borrow, Increased Cost of Stock Borrow, Hedging Disruption, Increased Cost of Hedging, or Illegality).
27. **Communications with Employees of J.P. Morgan Securities LLC.** If Counterparty interacts with any employee of J.P. Morgan Securities LLC with respect to any Transaction, Counterparty is hereby notified that such employee will act solely as an authorized representative of JPMorgan Chase Bank, N.A. (and not as a representative of J.P. Morgan Securities LLC) in connection with such Transaction.
28. **Waiver of Jury Trial.** EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THE AGREEMENT, THIS MASTER CONFIRMATION, EACH SUPPLEMENTAL CONFIRMATION, THE TRANSACTIONS HEREUNDER AND ALL MATTERS ARISING IN CONNECTION WITH THE AGREEMENT, THIS MASTER CONFIRMATION AND ANY SUPPLEMENTAL CONFIRMATION AND THE TRANSACTIONS HEREUNDER. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH A SUIT, ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THE TRANSACTIONS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS PROVIDED HEREIN.
29. **Counterparts.** This Master Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Master Confirmation by signing and delivering one or more counterparts.
30. **U.S. Resolution Stay Protocol.** The parties acknowledge and agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the “**Protocol**”), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement, JPMorgan shall be deemed a Regulated Entity

and Counterparty shall be deemed an Adhering Party; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the “**Bilateral Agreement**”), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Covered Agreement, JPMorgan shall be deemed a Covered Entity and Counterparty shall be deemed a Counterparty Entity; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the “**Bilateral Terms**”) of the form of bilateral template entitled “Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)” published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and, a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a “Covered Agreement,” JPMorgan shall be deemed a “Covered Entity” and Counterparty shall be deemed a “Counterparty Entity.” In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the “**QFC Stay Terms**”), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to “the Agreement” include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to JPMorgan replaced by references to the covered affiliate support provider.

“**QFC Stay Rules**” means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

31. **CARES Act.** Counterparty represents and warrants that it has not applied, and throughout the term of any Transaction shall not apply, for a loan, loan guarantee, direct loan (as that term is defined in the Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”)) or other investment, or to receive any financial assistance or relief (howsoever defined) under any program or facility that (a) is established under applicable law (whether in existence as of the Trade Date for such Transaction or subsequently enacted, adopted or amended), including without limitation the CARES Act and the Federal Reserve Act, as amended, and (b) requires under applicable law (or any regulation, guidance, interpretation or other pronouncement thereunder), as a condition of such loan, loan guarantee, direct loan (as that term is defined in the CARES Act), investment, financial assistance or relief, that Counterparty agree, attest, certify or warrant that it has not, as of the date specified in such condition, repurchased, or will not repurchase, any equity security of Counterparty, and that it has not, as of the date specified in such condition, made a capital distribution or will not make a capital distribution. Counterparty further represents and warrants that the Prepayment Amount for any Transaction is not being paid, in whole or in part, directly or indirectly, with funds received under or pursuant to any program or facility, including the U.S. Small Business Administration’s “Paycheck Protection Program”, that (a) is established under applicable law (whether in existence as of the Trade Date for such Transaction or subsequently enacted, adopted or amended), including without limitation the CARES Act and the Federal Reserve Act, as amended, and (b) requires under such applicable law (or any regulation, guidance, interpretation or other pronouncement of a governmental authority with jurisdiction for such program or facility) that such funds be used for specified or enumerated purposes that do not include the purchase of Shares pursuant to any Transaction (either by specific reference thereto or by general reference to transactions with the attributes thereof in all relevant respects).
32. **Delivery of Cash.** For the avoidance of doubt, nothing in this Master Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transactions contemplated by this Master Confirmation following payment by Counterparty of the relevant Prepayment Amount, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40, Derivatives and Hedging – Contracts in Entity’s Own Equity, as in effect on the relevant Trade Date (including, without limitation, where Counterparty so elects to deliver cash or fails timely to elect to deliver Shares or Alternative Delivery Property in respect of the settlement of such Transactions).

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Master Confirmation and returning it to us.

Very truly yours,

JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION
By: /s/ Brett Chalmers
Authorized Signatory
Name: Brett Chalmers

Accepted and confirmed
as of the date first set
forth above:

TERADATA CORPORATION
By: /s/ Claire Bramley
Authorized Signatory
Name: Claire Bramley

FORM OF SUPPLEMENTAL CONFIRMATION

JPMorgan Chase Bank, National Association
New York Branch
383 Madison Avenue
New York, NY, 10179

To: Teradata Corporation [____], 20[____]
17095 Via Del Campo
San Diego, California 92127
Attention: Brian Pierson, Treasurer
Telephone No.:
E-mail:

Re: Supplemental Confirmation—Uncollared Accelerated Share Repurchase

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between JPMorgan Chase Bank, National Association (“**JPMorgan**”) and Teradata Corporation, a Delaware corporation (“**Counterparty**”) on the Trade Date specified below. This Supplemental Confirmation is a binding contract between JPMorgan and Counterparty as of the relevant Trade Date for the Transaction referenced below.

1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation, dated as of February 9, 2022 (the “**Master Confirmation**”), between JPMorgan and Counterparty, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date: [____], 20[____]

Forward Price Adjustment Amount: USD [____]

Calculation Period Start Date: [____], 20[____]

Scheduled Termination Date: [____], 20[____]

First Acceleration Date: [____], 20[____]

Prepayment Amount: USD [____]

Prepayment Date: [____], 20[____]

Initial Shares: [____] Shares; *provided* that if, in connection with the Transaction, JPMorgan is unable to borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterparty on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that JPMorgan is able to so borrow or otherwise acquire; *provided, further*, that if the Initial Shares are reduced as provided in the immediately preceding proviso, then JPMorgan shall use commercially reasonable efforts to borrow or otherwise acquire an additional number of Shares, at a stock borrow cost no greater than the Initial Stock Loan Rate, equal to the shortfall in the Initial Shares delivered on the Initial Share Delivery Date and shall deliver such additional Shares as promptly as practicable, and all Shares so delivered shall be considered Initial Shares. All Shares

delivered to Counterparty in respect of the Transaction pursuant to this paragraph shall be the “Initial Shares” for purposes of “Number of Shares to be Delivered” in the Master Confirmation.

Initial Share Delivery Date: [____], 20[___]

Maximum Stock Loan Rate: [___] basis points per annum

Initial Stock Loan Rate: [___] basis points per annum

Maximum Number of Shares: [___]¹ Shares

Floor Price: USD 0.01 per Share

Contract Fee: USD [___]

Termination Price: USD [___] per Share

Additional Relevant Days: The [___] Exchange Business Days immediately following the Calculation Period.

Reserved Shares: Notwithstanding anything to the contrary in the Master Confirmation, as of the date of this Supplemental Confirmation, the Reserved Shares shall be equal to [___] Shares.

Specified ADTV Percentage: For any Exchange Business Day, [___]% of the ADTV (as defined in Rule 10b-18) of the Shares.

3. Counterparty represents and warrants to JPMorgan that neither it nor any “affiliated purchaser” (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs, except as set forth in any notice delivered pursuant to Section 6(b)(xv) of the Master Confirmation.

4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

¹ To be approximately 50% of the total number of Shares outstanding on the Trade Date.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Supplemental Confirmation and returning it to us.

Very truly yours,

**JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION**

By:
Authorized Signatory
Name:

Accepted and confirmed
as of the Trade Date:

TERADATA CORPORATION

By:
Authorized Signatory
Name:

SCHEDULE B

FORM OF CERTIFICATE OF RULE 10B-18 PURCHASES

[Letterhead of Counterparty]

JPMorgan Chase Bank, National Association
New York Branch
383 Madison Avenue
New York, NY, 10179

Re: Uncollared Accelerated Share Repurchase

Ladies and Gentlemen:

In connection with our entry into the Master Confirmation, dated as of February 9, 2022, between JPMorgan Chase Bank, National Association and Teradata Corporation, a Delaware corporation, as amended and supplemented from time to time (the “**Master Confirmation**”) and the Supplemental Confirmation thereto, dated as of [____], 20[____], we hereby represent that set forth below is the total number of shares of our common stock purchased by or for us or any of our affiliated purchasers in Rule 10b-18 purchases of blocks (all as defined in Rule 10b-18 under the Securities Exchange Act of 1934) pursuant to the once-a-week block exception set forth in Rule 10b-18(b)(4) during the four full calendar weeks immediately preceding the first day of the [Calculation Period][Settlement Valuation Period][Seller Termination Purchase Period] (as defined in the Master Confirmation) and the week during which the first day of such [Calculation Period][Settlement Valuation Period][Seller Termination Purchase Period] occurs.

Number of Shares: _____

We understand that you will use this information in calculating trading volume for purposes of Rule 10b-18.

Very truly yours,

TERADATA CORPORATION

By:

Authorized Signatory

Name:

COUNTERPARTY SETTLEMENT PROVISIONS

1. The following Counterparty Settlement Provisions shall apply to any Transaction to the extent indicated under the Master Confirmation:

Settlement Currency: USD

Settlement Method Election: Applicable; *provided* that (i) Section 7.1 of the Equity Definitions is hereby amended by deleting the word “Physical” in the sixth line thereof and replacing it with the words “Net Share” and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to JPMorgan in writing on the date it notifies JPMorgan of its election that, as of such date, the Electing Party is not aware of any material non-public information regarding Counterparty or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.

Electing Party: Counterparty

Settlement Method Election Date: The earlier of (i) the Scheduled Termination Date and (ii) the second Exchange Business Day immediately following the Accelerated Termination Date (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be.

Default Settlement Method: Cash Settlement

Forward Cash Settlement Amount: An amount equal to (a) the Number of Shares to be Delivered, *multiplied by* (b) the Settlement Price.

Settlement Price: An amount equal to the average of the VWAP Prices for the Exchange Business Days in the Settlement Valuation Period, *plus* USD 0.02, subject to Valuation Disruption as specified in the Master Confirmation.

Settlement Valuation Period: A number of Scheduled Trading Days selected by JPMorgan in its reasonable discretion to unwind a commercially reasonable hedge position related to the Transaction using commercially reasonable efforts, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Termination Date or (ii) the Exchange Business Day immediately following the Termination Date.

Cash Settlement: If Cash Settlement is applicable, then Buyer shall pay to JPMorgan the absolute value of the Forward Cash Settlement Amount on the Cash Settlement Payment Date.

Cash Settlement Payment Date: The Exchange Business Day immediately following the last day of the Settlement Valuation Period.

Net Share Settlement Procedures: If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with paragraphs 2 through 7 below.

2. Net Share Settlement shall be made by delivery on the Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the “**Registered Settlement Shares**”), or a number of Shares not satisfying such conditions (the “**Unregistered Settlement Shares**”), in either case with a value equal to the absolute value of the Forward Cash Settlement Amount, with such Shares’ value based on the value thereof to JPMorgan (which value shall, in the case of Unregistered Settlement Shares, take into account a

commercially reasonable illiquidity discount), in each case as determined by the Calculation Agent. If all of the conditions for delivery of either Registered Settlement Shares or Unregistered Settlement Shares have not been satisfied, Cash Settlement shall be applicable in accordance with paragraph 1 above notwithstanding Counterparty's election of Net Share Settlement.

3. Counterparty may only deliver Registered Settlement Shares pursuant to paragraph 2 above if:

(a) a registration statement covering public resale of the Registered Settlement Shares by JPMorgan (the "**Registration Statement**") shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; a printed prospectus relating to the Registered Settlement Shares (including, without limitation, any prospectus supplement thereto, the "**Prospectus**") shall have been delivered to JPMorgan, in such quantities as JPMorgan shall reasonably have requested, on or prior to the date of delivery;

(b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be satisfactory to JPMorgan;

(c) as of or prior to the date of delivery, JPMorgan and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for underwritten offerings of equity securities and the results of such investigation are satisfactory to JPMorgan, in its discretion; and

(d) as of the date of delivery, an agreement (the "**Underwriting Agreement**") shall have been entered into with JPMorgan in connection with the public resale of the Registered Settlement Shares by JPMorgan substantially similar to underwriting agreements customary for underwritten offerings of equity securities, in form and substance satisfactory to JPMorgan, which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, JPMorgan and its Affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters.

4. If Counterparty delivers Unregistered Settlement Shares pursuant to paragraph 2 above:

(a) all Unregistered Settlement Shares shall be delivered to JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;

(b) as of or prior to the date of delivery, JPMorgan and any potential purchaser of any such shares from JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) identified by JPMorgan shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities for an issuance of a similar size by similar issuers (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them);

(c) as of the date of delivery, Counterparty shall enter into an agreement (a "**Private Placement Agreement**") with JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) in connection with the private placement of such shares by Counterparty to JPMorgan (or any such Affiliate) and the private resale of such shares by JPMorgan (or any such Affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance commercially reasonably satisfactory to JPMorgan, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, JPMorgan and its Affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, (provided that the private placement agreement shall only require that the Counterparty use commercially reasonable efforts to provide customary opinions, accountants' comfort letters, and lawyers' negative assurance letters), and shall provide for the payment by Counterparty of all commercially reasonable fees and expenses of JPMorgan (and any such Affiliate) in connection with such resale, including, without limitation, all commercially reasonable fees and expenses of counsel for JPMorgan, and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such shares by Counterparty to JPMorgan (or any such Affiliate) and the private resale of such shares by JPMorgan (or any such Affiliate), Counterparty shall, if so requested by JPMorgan, prepare, in cooperation with JPMorgan, a private placement memorandum in form and substance reasonably satisfactory to JPMorgan.

5. JPMorgan, itself or through an Affiliate (the “**Selling Agent**”) or any underwriter(s), will sell all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the “**Settlement Shares**”) delivered by Counterparty to JPMorgan pursuant to paragraph 6 below commencing on the Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by JPMorgan, is equal to the absolute value of the Forward Cash Settlement Amount (such date, the “**Final Resale Date**”). If the proceeds of any sale(s) made by JPMorgan, the Selling Agent or any underwriter(s), net of any commercially reasonable fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, without limitation, the covering of any over-allotment or short position (syndicate or otherwise)) (the “**Net Proceeds**”) exceed the absolute value of the Forward Cash Settlement Amount, JPMorgan will refund, in USD, such excess to Counterparty on the date that is three (3) Currency Business Days following the Final Resale Date, and, if any portion of the Settlement Shares remains unsold, JPMorgan shall return to Counterparty on that date such unsold Shares.

6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the “**Shortfall**” and the date on which such determination is made, the “**Deficiency Determination Date**”), Counterparty shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the “**Makewhole Notice Date**”) deliver to JPMorgan, through the Selling Agent, a notice of Counterparty’s election that Counterparty shall either (i) pay an amount in cash equal to the Shortfall on the day that is one Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Counterparty elects to deliver to JPMorgan additional Shares, then Counterparty shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the “**Makewhole Shares**”), on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by JPMorgan in accordance with the provisions above; *provided* that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Counterparty shall, at its election, either make such cash payment or deliver to JPMorgan further Makewhole Shares until such Shortfall has been reduced to zero.

7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares for any Transaction be greater than the Reserved Shares *minus* the amount of any Shares actually delivered by Counterparty under any other Transaction under this Master Confirmation (the result of such calculation, the “**Capped Number**”). Counterparty represents and warrants (which shall be deemed to be repeated on each day that a Transaction is outstanding) that the Capped Number is equal to or less than the number of Shares determined according to the following formula:

$$A - B$$

Where A = the number of authorized but unissued shares of Counterparty that are not reserved for future issuance on the date of the determination of the Capped Number; and

B = the maximum number of Shares required to be delivered to third parties if Counterparty elected Net Share Settlement of all transactions in the Shares (other than Transactions in the Shares under this Master Confirmation) with all third parties that are then currently outstanding and unexercised.

“**Reserved Shares**” means initially, 14,737,669 Shares. The Reserved Shares may be increased or decreased in a Supplemental Confirmation.

If at any time, as a result of this paragraph 7, Counterparty fails to deliver to JPMorgan any Settlement Shares, Counterparty shall, to the extent that Counterparty has at such time authorized but unissued Shares not reserved for other purposes, promptly notify JPMorgan thereof and deliver to JPMorgan a number of Shares not previously delivered as a result of this paragraph 7. Counterparty agrees to use its best efforts to cause the number of authorized but unissued Shares to be increased, if necessary, to an amount sufficient to permit Counterparty to fulfill its obligation to deliver any Settlement Shares.

COMMUNICATIONS PROCEDURES

February 9, 2022

I. Introduction

Teradata Corporation (“**Counterparty**”) and JPMorgan Chase Bank, National Association (“**JPMorgan**”) have adopted these communications procedures (the “**Communications Procedures**”) in connection with entering into the Master Confirmation (the “**Master Confirmation**”), dated as of February 9, 2022, between JPMorgan and Counterparty relating to Uncollared Accelerated Share Repurchase transactions. These Communications Procedures supplement, form part of, and are subject to the Master Confirmation.

II. Communications Rules

For each Transaction, from the Trade Date for such Transaction until the date all payments or deliveries of Shares have been made with respect to such Transaction, Counterparty and its Employees and Designees shall not engage in any Program-Related Communication with, or disclose any Material Non-Public Information to, any EDG Trading Personnel. Except as set forth in the preceding sentence, the Master Confirmation shall not limit Counterparty and its Employees and Designees in their communication with Affiliates and Employees of JPMorgan, including, without limitation, Employees who are EDG Permitted Contacts.

III. Termination

If, in the sole judgment of any EDG Trading Personnel or any Affiliate or Employee of JPMorgan participating in any Communication with Counterparty or any Employee or Designee of Counterparty, such Communication would not be permitted by these Communications Procedures, such EDG Trading Personnel or Affiliate or Employee of JPMorgan shall immediately terminate such Communication. In such case, or if such EDG Trading Personnel or Affiliate or Employee of JPMorgan determines following completion of any Communication with Counterparty or any Employee or Designee of Counterparty that such Communication was not permitted by these Communications Procedures, such EDG Trading Personnel or such Affiliate or Employee of JPMorgan shall promptly consult with his or her supervisors and with counsel for JPMorgan regarding such Communication. If, in the reasonable judgment of JPMorgan’s counsel following such consultation, there is more than an insignificant risk that such Communication could materially jeopardize the availability of the affirmative defenses provided in Rule 10b5-1 under the Exchange Act with respect to any ongoing or contemplated activities of JPMorgan or its Affiliates in respect of any Transaction pursuant to the Master Confirmation, it shall be an Additional Termination Event pursuant to Section 19(a) of the Master Confirmation, with Counterparty as the sole Affected Party and all Transactions under the Master Confirmation as Affected Transactions.

IV. Definitions

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Master Confirmation. As used herein, the following words and phrases shall have the following meanings:

“**Communication**” means any contact or communication (whether written, electronic, oral or otherwise) between Counterparty or any of its Employees or Designees, on the one hand, and JPMorgan or any of its Affiliates or Employees, on the other hand.

“**Designee**” means a person designated, in writing or orally, by Counterparty to communicate with JPMorgan on behalf of Counterparty.

“**EDG Permitted Contact**” means any of Mr. David Aidelson, Mr. Elliot Chalom, Ms. Yana Chernobilsky, Mr. Ganaraj S. Hegde, Mr. Noah L. Wynkoop and Mr. Brett Chalmers or any of their designees; *provided* that JPMorgan may amend the list of EDG Permitted Contacts by delivering a revised list of EDG Permitted Contacts to Counterparty.

“**EDG Trading Personnel**” means Mr. Derek Brown, Mr. Michael Captain, Mr. Spyros Kallipolitis, Ms. Alexandra Molino, Mr. Michael Tatro and any other Employee of the public side of the Equity Derivatives Group of JPMorgan Chase & Co.; *provided* that JPMorgan may amend the list of EDG Trading Personnel by delivering a revised list of EDG Trading Personnel to Counterparty; and *provided further* that, for the avoidance of doubt, the persons listed as EDG Permitted Contacts are not EDG Trading Personnel.

“**Employee**” means, with respect to any entity, any owner, principal, officer, director, employee or other agent or representative of such entity, and any Affiliate of any of such owner, principal, officer, director, employee, agent or representative.

“**Material Non-Public Information**” means information relating to Counterparty or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Counterparty to its shareholders or in a press release, or contained in a public filing made by Counterparty with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed “material” if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets and similar matters.

“**Program-Related Communication**” means any Communication the subject matter of which relates to the Master Confirmation or any Transaction under the Master Confirmation or any activities of JPMorgan (or any of its Affiliates) in respect of the Master Confirmation or any Transaction under the Master Confirmation.

**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 first anniversary of the date of grant of this award (the “Date of Grant”), 25% on the second anniversary of the Date of Grant, and 25% on the third 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.

TERADATA CORPORATION
Subsidiaries of Teradata Corporation
December 31, 2021

Entity	Organized under the laws of
Teradata International, Inc.	Delaware
Teradata US, Inc.	Delaware
Teradata Operations, Inc.	Delaware
Teradata Government Systems LLC	Delaware
Teradata Taiwan LLC	Delaware
Teradata Argentina Holdings LLC	Delaware
Teradata Belgium Holdings LLC	Delaware
Teradata Bermuda Holdings LLC	Delaware
Teradata Brazil Holdings LLC	Delaware
Teradata Chile Holdings LLC	Delaware
Teradata Colombia Holdings LLC	Delaware
Teradata Egypt Holdings LLC	Delaware
Teradata India Holdings LLC	Delaware
Teradata Indonesia Holdings LLC	Delaware
Teradata International Services LLC	Delaware
Teradata Mexico Holdings LLC	Delaware
Teradata Netherlands Holdings LLC	Delaware
Teradata New Zealand Holdings LLC	Delaware
Teradata Philippines LLC	Delaware
TD Nameholder Corporation	Delaware
Teradata de Argentina S.R.L.	Argentina
Teradata Australia Pty Ltd	Australia
Teradata GmbH	Austria
Teradata Belgium SNC	Belgium
TRDT Brasil Tecnologia Ltda.	Brazil
TRDT Brasil Holdings Ltda.	Brazil
Teradata Information Systems (Beijing) Limited	China
Teradata Canada ULC	Canada
Teradata Chile Tecnologías de Información Limitada	Chile
TDC Colombia Limitada	Colombia
Teradata Ceska republika spol. s r.o.	Czech Republic
Teradata Danmark ApS	Denmark
Teradata Egypt WLL	Egypt
Teradata Finland Oy	Finland
Teradata France S.A.S.	France
Teradata GmbH	Germany
Teradata (Hong Kong) Limited	Hong Kong
Teradata India Private Limited	India
PT. Tdata Indonesia	Indonesia
Teradata Ireland Limited	Ireland
Teradata International Sales Limited	Ireland
Teradata Italia S.r.l.	Italy
Teradata Japan Ltd.	Japan

Teradata Solutions México, S. de R.L. de C.V.	Mexico
Teradata de México, S. de R.L. de C.V.	Mexico
Teradata Netherlands B.V.	Netherlands
Teradata Global Holdings B.V.	Netherlands
Teradata (NZ) Corporation	New Zealand
Teradata Norge AS	Norway
Teradata Pakistan (Private) Limited	Pakistan
Teradata Global Consulting Pakistan (Private) Limited	Pakistan
Teradata Chile Tecnologías de Información Limitada – Sucursal Perú	Peru
Teradata Philippines, LLC, Manila Branch	Philippines
Teradata GCC (Philippines), Inc.	Philippines
Teradata Polska Sp. z o.o.	Poland
“Teradata” LLC	Russia
Teradata Saudi Arabia LLC	Saudi Arabia
Teradata (Singapore) Pte. Ltd.	Singapore
Teradata Iberia SL	Spain
Teradata Sweden AB	Sweden
Teradata (Schweiz) GmbH	Switzerland
Teradata Taiwan LLC, Taiwan branch	Taiwan
Teradata (Thailand) Co., Ltd.	Thailand
Teradata Bilisim Sistemleri Limited Sirketi	Turkey
Teradata Middle East and Africa (branch)	United Arab Emirates (UAE)
Teradata (UK) Limited	United Kingdom

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No.333-255924, No. 333-238886, No. 333-231250, No. 333-224743, No. 333-211257, No. 333-181217, No. 333-146475, No. 333-146410, No. 333-146409) of Teradata Corporation of our report dated February 25, 2022 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Atlanta, Georgia

February 25, 2022

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

I, Stephen McMillan, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 25, 2022

/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 annual report on Form 10-K 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: February 25, 2022

/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 Annual Report of Teradata Corporation, a Delaware corporation (the “Company”), on Form 10-K for the year ended December 31, 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: February 25, 2022

/s/ Stephen McMillan

Stephen McMillan

President and Chief Executive Officer

Date: February 25, 2022

/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.