

TERADATA CORP /DE/
Form 10-Q
November 04, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011

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.)

10000 Innovation Drive
Dayton, Ohio 45342

(Address of principal executive offices) (Zip Code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

At October 28, 2011, the registrant had approximately 167.4 million shares of common stock outstanding.

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Table of Contents**Part 1 FINANCIAL INFORMATION****Item 1. Financial Statements.
Teradata Corporation****Condensed Consolidated Statements of Income (Unaudited)**

In millions, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue				
Product revenue	\$ 287	\$ 243	\$ 791	\$ 666
Service revenue	315	246	898	722
Total revenue	602	489	1,689	1,388
Costs and operating expenses				
Cost of products	99	72	271	215
Cost of services	175	138	499	390
Selling, general and administrative expenses	163	133	478	377
Research and development expenses	43	40	118	108
Total costs and operating expenses	480	383	1,366	1,090
Income from operations	122	106	323	298
Other (expense) income, net	(1)	0	25	0
Income before income taxes	121	106	348	298
Income tax expense	34	31	93	82
Net income	\$ 87	\$ 75	\$ 255	\$ 216
Net income per weighted average common share				
Basic	\$ 0.52	\$ 0.45	\$ 1.52	\$ 1.29
Diluted	\$ 0.51	\$ 0.44	\$ 1.48	\$ 1.27
Weighted average common shares outstanding				
Basic	167.9	167.2	168.3	167.3
Diluted	171.7	170.1	172.1	170.1

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**Teradata Corporation****Condensed Consolidated Balance Sheets (Unaudited)**

In millions, except per share amounts	September 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 691	\$ 883
Accounts receivable, net	441	402
Inventories	64	65
Other current assets	65	56
Total current assets	1,261	1,406
Property and equipment, net	119	105
Capitalized software, net	140	116
Goodwill	736	136
Acquired intangible assets	171	12
Deferred income taxes	48	59
Other assets	11	49
Total assets	\$ 2,486	\$ 1,883
Liabilities and stockholders equity		
Current liabilities		
Accounts payable	\$ 96	\$ 102
Payroll and benefits liabilities	140	134
Deferred revenue	353	263
Other current liabilities	82	70
Total current liabilities	671	569
Long-term debt	293	0
Pension and other postemployment plan liabilities	83	85
Other liabilities	38	40
Total liabilities	1,085	694
Commitments and contingencies (Note 7)		
Stockholders equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at September 30, 2011 and December 31, 2010	0	0
Common stock: par value \$0.01 per share, 500.0 shares authorized, 186.1 and 184.9 shares issued at September 30, 2011 and December 31, 2010, respectively	2	2
Paid-in capital	744	690
Treasury stock: 18.7 and 16.8 shares at September 30, 2011 and December 31, 2010, respectively	(494)	(399)
Retained earnings	1,139	884
Accumulated other comprehensive income	10	12
Total stockholders equity	1,401	1,189
Total liabilities and stockholders equity	\$ 2,486	\$ 1,883

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**Teradata Corporation****Condensed Consolidated Statements of Cash Flows (Unaudited)**

In millions	Nine Months Ended September 30,	
	2011	2010
Operating activities		
Net income	\$ 255	\$ 216
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74	43
Stock-based compensation expense	25	18
Excess tax benefit from stock-based compensation	(10)	(3)
Deferred income taxes	31	16
Gain on investments	(28)	0
Changes in assets and liabilities:		
Receivables	(12)	(24)
Inventories	0	(18)
Current payables and accrued expenses	0	(7)
Deferred revenue	57	11
Other assets and liabilities	(5)	13
Net cash provided by operating activities	387	265
Investing activities		
Expenditures for property and equipment	(31)	(25)
Additions to capitalized software	(56)	(37)
Business acquisitions and other investing activities, net	(722)	(61)
Net cash used in investing activities	(809)	(123)
Financing activities		
Proceeds from long-term borrowings	600	0
Repayments of long-term borrowings	(300)	0
Repurchases of common stock	(95)	(88)
Excess tax benefit from stock-based compensation	10	3
Other financing activities, net	19	21
Net cash provided by (used in) financing activities	234	(64)
Effect of exchange rate changes on cash and cash equivalents	(4)	2
(Decrease) increase in cash and cash equivalents	(192)	80
Cash and cash equivalents at beginning of period	883	