

TERADATA CORP /DE/
Form DEF 14A
March 01, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Teradata Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(3) Filing Party:

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**NOTICE OF 2012 ANNUAL MEETING
AND PROXY STATEMENT**

March 1, 2012

Dear Fellow Teradata Corporation Stockholder:

I am pleased to invite you to attend Teradata's 2012 Annual Meeting of Stockholders on April 20, 2012. The meeting will begin promptly at 8:00 a.m. local time at the Terry Executive Education Center, 3475 Lenox Road NE, Atlanta, Georgia 30326.

This proxy statement, which also includes a notice of the 2012 annual meeting, tells you more about the agenda and procedures for the meeting. It also describes how the Board of Directors operates and gives information about our director candidates and general compensation and corporate governance matters.

To conserve natural resources and to reduce the costs of printing and distributing our proxy materials (which include this proxy statement, our 2011 annual report and form of proxy and voting instruction card), we are delivering these materials to stockholders via the Internet. As permitted under U.S. Securities and Exchange Commission (SEC) rules, most of our stockholders receive a mailing containing only a notice of the 2012 annual meeting (Notice of Internet Availability of Proxy Materials) instead of paper copies of our proxy materials. The notice will include instructions on how to access these documents over the Internet, as well as instructions on how stockholders receiving this notice can request paper copies of our proxy materials if desired. Stockholders who do not receive the notice-only mailing will receive either paper copies of the proxy materials by mail or electronically-available materials as permitted under applicable SEC rules and Delaware law.

Michael Koehler, Teradata's President and Chief Executive Officer, and I look forward to seeing you at the annual meeting. If you plan to attend, please send an email to investor.relations@teradata.com to receive a meeting reservation request form.

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

Sincerely,

James M. Ringler
Chairman of the Board

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF TERADATA CORPORATION

Time:

8:00 a.m. local time

Date:

Friday, April 20, 2012

Place:

The Terry Executive Education Center

3475 Lenox Road NE, Atlanta, Georgia 30326

Purpose:

Elect Messrs. Koehler, Ringler and Schwarz to serve as Class II directors for three-year terms expiring at the 2015 annual meeting of stockholders and to hold office until their respective successors are duly elected and qualified;

Consider and vote upon the approval of the Teradata 2012 Stock Incentive Plan;

Consider and vote upon the approval of the Teradata Corporation Employee Stock Purchase Plan, as amended and restated;

Hold an advisory (non-binding) vote on executive compensation (a "say-on-pay" vote);

Consider and vote upon the approval of an amendment of the Company's certificate of incorporation to provide for the declassification of the Board of Directors;

Vote on the ratification of the appointment of our independent registered public accounting firm for 2012; and

Transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting by or at the direction of the Board of Directors.

Other Important Information:

Record holders of Teradata common stock at the close of business on February 28, 2012, may vote at the meeting.

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Your shares cannot be voted unless they are represented by proxy or in person by the record holder at the meeting. Even if you plan to attend the meeting, please submit a proxy to ensure that your shares are represented at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the 2012 Annual Meeting of Stockholders to Be Held on April 20, 2012: This notice of 2012 annual meeting of stockholders and proxy statement, our 2011 annual report and form of proxy and voting instruction card are available at <http://www.proxyvote.com>.

By order of the Board of Directors,

Laura Nyquist
General Counsel and Secretary

March 1, 2012

10000 Innovation Drive

Dayton, OH 45342

PROXY STATEMENT

GENERAL INFORMATION

On behalf of the Board of Directors of Teradata Corporation, a Delaware corporation (Teradata , the Company , we or us), we are requesting your proxy for the 2012 annual meeting of stockholders and any adjournments or postponements that follow. The meeting will be held at 8:00 a.m. local time, on April 20, 2012, at the Terry Executive Education Center, 3475 Lenox Road NE, Atlanta, Georgia 30326. At the meeting, we will: (1) consider the election of Messrs. Koehler, Ringler and Schwarz as Class II directors for three-year terms expiring in 2015; (2) consider and vote upon the approval of the Teradata 2012 Stock Incentive Plan; (3) consider and vote upon the approval of the amended and restated Teradata Corporation Employee Stock Purchase Plan; (4) hold an advisory (non-binding) vote on executive compensation as disclosed in this proxy statement (a say-on-pay vote); (5) consider and vote upon the approval of an amendment of the Company s certificate of incorporation to provide for the declassification of the Board of Directors; (6) vote on the ratification of the appointment of our independent registered public accounting firm for 2012; and (7) transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

This proxy statement contains information about the 2012 annual meeting, as well as information regarding the voting process, director elections, our corporate governance programs, and executive and director compensation, among other things. We are furnishing this proxy statement together with our 2011 annual report and form of proxy and voting instruction card (proxy card).

YOUR VOTE IS IMPORTANT!

Whether or not you plan to attend the annual meeting, please vote your shares as soon as possible by phone, Internet, or mail if you are receiving paper proxy materials. By using the Internet or phone voting methods, you help us reduce costs and respect the environment. Both are fast, convenient, and environmentally-friendly.

If you are a stockholder of record (i.e., you directly hold your common stock through an account with our transfer agent, Computershare Investor Services), you can vote your shares using one of the following three methods. If you are a beneficial owner (i.e., you indirectly hold your common stock through a nominee such as a bank or broker), you can vote your shares using the methods provided by your nominee.

VOTE BY INTERNET

<http://www.proxyvote.com>

VOTE BY PHONE

1-800-690-6903

VOTE BY MAIL

Vote Processing, c/o Broadridge,
51 Mercedes Way, Edgewood, NY 11717

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Use the Internet to transmit your voting instructions and for electronic delivery of information.

Use any touch-tone telephone to transmit your voting instructions.

If you receive paper proxy materials, mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to the address shown above.

Who may vote at the meeting?

Only stockholders of record may vote at the meeting. A stockholder of record is a stockholder as of the close of business on February 28, 2012, the record date for the meeting. On the record date, there were 168,260,064 shares of common stock outstanding.

How many votes do I have?

For each share of common stock you own, you are entitled to cast one vote on each director candidate submitted for election and to cast one vote on each other matter properly brought before the meeting.

When will I receive my proxy materials?

Proxy materials for the 2012 annual meeting of stockholders are being made available in printed form on or about March 9, 2012. They will be available online on or about March 2, 2012.

How do I access my proxy materials?

Notice and Access. Proxy materials (including our 2011 annual report, notice of the 2012 annual meeting of stockholders and proxy statement, and proxy card) are being made available via the Internet pursuant to the SEC's notice and access rules. A Notice of Internet Availability of Proxy Materials (Notice) is being mailed to most of our record and beneficial stockholders. The Notice includes instructions on how to access the proxy materials on the Internet or request printed copies of these materials. To receive future proxy materials by mail or email, follow the instructions included with the Notice. If you previously elected to receive materials via mail or email delivery, you will not receive the Notice, but you will receive your materials via the delivery method you requested.

Electronic Delivery. At their request, many stockholders are receiving an email providing them with links to receive the Notice and Internet access to the proxy materials rather than receiving a printed copy of the Notice or printed proxy materials.

Paper Copies. If you have previously requested paper copies of your proxy materials, or are otherwise required to receive paper copies, you will receive the 2012 proxy materials, including notice of the meeting, in printed form unless you consent to receive these documents electronically in the future.

How do I receive Teradata's proxy materials electronically?

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

Your election to receive proxy materials by electronic access will remain in effect until you revoke your consent at <http://www.proxyvote.com>, or your consent is deemed to be revoked under applicable law. You must provide your twelve-digit control number to revoke your consent.

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

Please keep in mind that choosing electronic delivery saves the Company and its stockholders money and preserves natural resources.

How do I obtain a separate set of proxy materials?

To save costs, only one set of proxy materials is being printed and mailed to stockholders who have requested printed copies and share an address, unless otherwise requested or required under applicable law. If you have multiple Teradata common stock record accounts and/or share an address with a family member who is a Teradata stockholder and want to receive more than one copy of the Notice and/or proxy materials, you may contact our mailing agent, Broadridge Financial Solutions, at Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York, 11717 (phone: 1-800-542-1061). Broadridge will remove you from the householding program within thirty days after receipt of this request and will mail you a separate copy of the proxy materials.

How can I vote my shares of Teradata common stock?

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

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

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

How do I revoke my proxy for the annual meeting?

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

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

voting by ballot at the meeting; or

sending a written notice of revocation to the inspectors of election in care of our Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342.

What if I want to vote in person at the annual meeting?

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

What are the requirements for ensuring that my shares are voted by proxy at the annual meeting?

Your shares will be voted at the meeting as directed by the instructions on your proxy card, voting instructions or electronic proxy if (1) you are entitled to vote, (2) your proxy was properly executed or properly authorized electronically, (3) we received your proxy prior to the voting deadlines for the annual meeting (which

is 11:59 p.m. on April 19, 2012 for record stockholders who do not vote at the meeting, such time as directed by the nominee for beneficial owners, and April 17, 2012 for participants in our 401(k) savings plan), and (4) you did not revoke your proxy prior to or at the meeting.

How do I vote the shares I hold in the Teradata 401(k) savings plan?

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

What is considered a quorum to conduct the annual meeting?

To have a quorum necessary to conduct business at the meeting, it is necessary to have shares that represent (in person or by proxy) the holders of a majority of our shares of common stock outstanding on the record date, which is the close of business on February 28, 2012. Shares of common stock represented in person or by proxy (including shares that abstain with respect to a particular proposal to be voted upon and broker non-votes) will be counted as present for the purpose of determining whether a quorum exists at the meeting for that proposal. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

How many votes are required to approve each item?

With respect to Proposal 1 (the election of directors), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on the election of directors is required to elect each director.

With respect to Proposal 2 (the approval of the Teradata 2012 Stock Incentive Plan), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such item of business is required to approve the plan.

With respect to Proposal 3 (the approval of the amended and restated Teradata Corporation Employee Stock Purchase Plan), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such item of business is required to approve the amended plan.

With respect to Proposal 4 (the advisory say-on-pay vote on executive compensation), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such question is required to adopt this advisory resolution in accordance with Teradata's bylaws. However, the results of this vote are not binding on the board, whether or not any resolution is passed under this voting standard. In evaluating the stockholder vote on this advisory resolution, the board will consider the voting results in their entirety.

With respect to Proposal 5 (the approval of an amendment of the Company's certificate of incorporation to provide for the declassification of the Board of Directors), the affirmative vote of at least eighty percent (80%) of the voting power of the shares outstanding and entitled to vote on such item of business is required to approve the amended certificate of incorporation.

With respect to Proposal 6 (the ratification of the appointment of the Company's independent auditors), the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such item of business is required to ratify the appointment.

Abstentions effectively count as votes against the adoption of a proposal and the election of a director. Broker non-votes will count as votes against the proposal to provide for the annual election of directors, but will have no effect on the outcome of the vote for any other proposal or the election of any director. Therefore, if you do not instruct your nominee (such as your bank or broker) how to vote your shares with respect to the election of directors, the approval of the Teradata 2012 Stock Incentive Plan and the amended Teradata Corporation Employee Stock Purchase Plan, the advisory vote on executive compensation, and the amendment of the Company's certificate of incorporation to provide for the annual election of directors, the nominee may not vote on these proposals. Broker non-votes occur when a nominee returns a properly executed proxy but does not vote on a particular item because the nominee has not received voting instructions from the beneficial owner and, therefore, does not have the authority to vote on a proposal.

How does the board recommend that I vote my shares?

The Teradata Board of Directors recommends that you vote:

FOR the election of each of the three Class II director nominees, Messrs. Koehler, Ringler and Schwarz (see page 6);

FOR the approval of the Teradata 2012 Stock Incentive Plan as disclosed in this proxy statement (see page 52);

FOR the approval of the amended and restated Teradata Corporation Employee Stock Purchase Plan as disclosed in this proxy statement (see page 60);

FOR the approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement (see page 63);

FOR the approval of an amendment of the Company's certificate of incorporation to provide for the declassification of the Board of Directors (see page 64); and

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012 (see page 66).

If you submit your proxy without specific voting instructions, your shares represented by that proxy will be voted as recommended by our board. As discussed above, if you hold your shares beneficially through a nominee (such as a bank or a broker) and fail to provide specific voting instructions to that nominee, your shares will not be voted in the election of directors, the approval of the Teradata 2012 Stock Incentive Plan or the amended Teradata Corporation Employee Stock Purchase Plan, the advisory say-on-pay vote on executive compensation, or the amendment of the Company's certificate of incorporation to provide for the annual election of directors.

What do I need to do if I want to attend the annual meeting?

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

We will include the results of the votes taken at the meeting in a Form 8-K filed with the SEC within four business days after the date of the annual meeting or any adjournment or postponement thereof. You may also find information on how to obtain a transcript of the meeting by writing to our Corporate Secretary at Teradata Corporation, 10000 Innovation Drive, Dayton, Ohio 45342.

ELECTION OF DIRECTORS

(Item 1 on Proxy Card)

The Board of Directors is currently divided into three classes. Directors are elected by stockholders for terms of three years and hold office until their successors are elected and qualify. One of the three classes is elected each year to succeed the directors whose terms are expiring. As of the 2012 annual meeting, the terms for the directors in Classes I, II and III of the Board of Directors expire in 2014, 2012, and 2013, respectively.

Messrs. Koehler, Ringler and Schwarz currently are Class II directors whose terms are expiring at the 2012 annual meeting and, for the reasons described below, each has been nominated by the board for re-election through the 2015 annual meeting of stockholders and until his successor is elected and qualified.

The Board of Directors has adopted an amendment of the Company's Amended and Restated Certificate of Incorporation that, if approved by the stockholders at this annual meeting, will eliminate the three-year staggered terms of our directors and provide instead for the annual election of all directors beginning with the 2013 annual meeting. (See Item 5, below.) To effectuate this change, each director who is standing for re-election at this annual meeting and each director currently serving a term that expires in 2014 has submitted a resignation stating that each such director's term will expire at the annual meeting in 2013, but only if certain conditions are satisfied, including that the required proposed amendment receive stockholder approval at the 2012 annual meeting.

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

The Board of Directors recommends that you vote FOR each of the Class II nominees for election as a director. Election of each nominee requires the affirmative vote of a majority of the voting power present (in person or by proxy) at the meeting and entitled to vote on such item. If a nominee does not receive a majority vote, he is required to tender his resignation for consideration by the disinterested members of the Board of Directors in accordance with the board's Corporate Governance Guidelines as described on pages 11-12 of this proxy statement. Proxies solicited by the Board of Directors will be voted FOR each nominee, unless you specify otherwise in your proxy.

DIRECTOR QUALIFICATIONS

Our Board of Directors includes nine members who we believe are well-qualified to serve on the board and represent our stockholders' best interests. As described below under the caption "Selection of Nominees for Directors," the board and its Committee on Directors and Governance (the "Governance Committee") select nominees with a view to establishing a Board of Directors that is comprised of members who:

have extensive business leadership experience,

bring diverse perspectives to the board,

are independent and collegial,

have high ethical standards as well as sound business judgment and acumen, and

understand and are willing to shoulder the time commitment necessary for the board to effectively fulfill its responsibilities.

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We believe that each of the director nominees and other directors bring these qualifications to our Board of Directors. Moreover, they provide our board with a diverse complement of specific business skills, experience

and perspectives, including: extensive financial and accounting expertise, public company board experience, knowledge of the technology and software industries and of Teradata's business, experience with companies with a global presence and those that have high-growth strategies, and extensive operational and strategic planning experience in complex, global companies. In addition, the board believes that each of the director nominees and other directors has demonstrated outstanding achievement in his or her professional career, relevant experience, personal and professional integrity, ability to make independent, analytical inquiries, and willingness and ability to devote adequate time to board duties. The following describes the key qualifications, business skills, experience and perspectives that each of our directors brings to the Board of Directors, in addition to the general qualifications described above and information included in the biographical summaries provided below for each director. Based on all of these qualifications, the board believes that the directors and nominees have the appropriate set of skills to serve as members of the board.

Director	Key Qualifications
James M. Ringler	Experience as the chief executive officer and chairman of the board of publicly-held, global companies, extensive experience on public company boards, an in-depth knowledge of the Company's business, strategy and management team
Edward P. Boykin	Knowledge of the Company and the IT industry, leadership experience as the chief operations officer of a global computer services company with operational expertise in consummating mergers and acquisitions, financial acumen, and audit committee experience
Nancy E. Cooper	Financial expertise, experience as the chief financial officer of a global, publicly-traded company in the software technology industry, a strong ethics and compliance focus, gender diversity, and audit committee experience
Cary T. Fu	Experience as the chief executive officer and director of a global high-technology company, financial expertise and experience as a chief financial officer and certified public accountant, experience leading a high-growth business organization, and diverse perspective given Taiwanese heritage
David E. Kepler	Experience as a chief information officer of a complex, global company with additional responsibility for corporate sustainability initiatives and customer service operations, financial expertise, and a recognized leader in the area of cyber security
Michael Koehler	Service as the Chief Executive Officer of the Company with extensive knowledge of, and experience with, the software industry and the Company's operations, strategy and financial position
Victor L. Lund	Financial expertise, experience as the chief executive officer of a large business with a high-growth model, extensive public company board experience, particularly on audit committees, and knowledge of the Company and technology industry through board service
John G. Schwarz	Extensive experience within the software and technology industries as the chief executive officer and director of a global high-technology company, operational and strategic planning experience leading a business organization that experience high-growth through acquisitions and organic growth strategies, and broad global experience and perspective
William S. Stavropoulos	Distinguished career with extensive public company board experience, leadership experience as a former chairman of a major, global company, business and strategic acumen, and knowledge of the Company

NOMINEES**Class II – Current Terms Expiring in 2012:**

James M. Ringler, 66, was named Chairman of the Board of Teradata in September 2007. Mr. Ringler previously served as Chairman of the Board of NCR Corporation from July 25, 2005 to September 2007. From March 2005 to August 2005, Mr. Ringler served as NCR's President and Interim Chief Executive Officer, during which time he oversaw the Teradata Division of NCR, among other things, and worked with a number of the members of Teradata's current Leadership Team. He served as Vice Chairman of Illinois Tool Works Inc., a multi-billion dollar diversified manufacturer of highly engineered components and industrial systems, from 1999 until he retired in 2004. Prior to joining Illinois Tool Works, from 1997 to 1999, Mr. Ringler was Chairman of Premark International, Inc. He also served as Premark's Chief Executive Officer from 1995 to 1999 when it merged with Illinois Tool Works. Mr. Ringler serves as a director of Autoliv Inc., Dow, FMC Technologies, Inc., Corn Products International, Inc., and is lead director for John Bean Technologies (JBT) Corporation. He joined our board on September 6, 2007.

Michael Koehler, 59, is President and Chief Executive Officer of Teradata. Previously, Mr. Koehler served as Senior Vice President, Teradata Division of NCR Corporation from 2003 to 2007. From September 2002 until March 2003, he was the Interim Teradata Division Leader, Teradata Division. From 1999 to 2002, Mr. Koehler was Vice President, Global Field Operations, Teradata Division, and held management positions of increasingly greater responsibility at NCR prior to that time. He joined our board in August 2007.

John G. Schwarz, 61, is the founder and Chief Executive Officer of Visier Inc., a business analytics software firm, a position he has held since April 2010. Previously, he served as Chief Executive Officer of SAP Business Objects, a unit of SAP AG, from January 2008 to February 2010, during which time he was a member of the executive board of SAP AG and also served on the board of directors of SAP Business Objects. From September 2005 until its acquisition by SAP AG in January 2008, he served as Chief Executive Officer of Business Objects S.A., a provider of business intelligence software and services. Mr. Schwarz served as President and Chief Operating Officer of Symantec Corporation, a provider of infrastructure security and storage management software, from December 2001 to September 2005. From January 2000 to November 2001, he served as President and Chief Executive Officer of Reciprocal Inc., which provided business-to-business secure e-commerce services for digital content distribution over the Internet. Prior to joining Reciprocal, Mr. Schwarz spent 25 years at IBM Corporation with his last position being General Manager of IBM's Industry Solutions unit, a worldwide organization focused on building business applications and related services for IBM's large industry customers. Mr. Schwarz serves as a director of Synopsys, Inc., and Avast Software and served as a director of SuccessFactors, Inc. from September 2010 until June 2011. He is also a member of the Dalhousie University Advisory Board. He joined our board on September 20, 2010.

Other Directors**Class I – Current Terms Expiring in 2014:**

Nancy E. Cooper, 58, served as the Executive Vice President and Chief Financial Officer of CA Technologies (CA), an IT management software provider from August 2006 until her retirement in May 2011. She joined CA in August 2006 with nearly 30 years of finance experience. From 2001 until that time, Ms. Cooper served as Chief Financial Officer for IMS Health Incorporated, the world's leading provider of market intelligence to the pharmaceutical and healthcare industries. Prior to joining IMS Health, she was the Chief Financial Officer of Reciprocal, Inc., a leading digital rights management and consulting firm. In 1998, she served as a partner responsible for finance and administration at General Atlantic Partners, a private equity firm focused on software and services investments. Ms. Cooper began her career at IBM Corporation where she held increasingly important roles over a 22-year period that focused on technology strategy and financial management. She serves as a director of The Mosaic Company and served on the

board of directors of R.H. Donnelley Corporation from 2003 until 2009. She also serves as a trustee to the Anita Borg Institute for Women and Technology. Ms. Cooper joined our board on August 1, 2009.

David E. Kepler, 59, is the Executive Vice President, Business Services, Chief Sustainability Officer and Chief Information Officer (CIO) of The Dow Chemical Company (Dow). Mr. Kepler joined Dow in 1975. He was appointed Vice President and CIO of Dow in 1998 and Corporate Vice President in 2001. At Dow, Mr. Kepler assumed responsibility for Business Services in 2004, was appointed Senior Vice President in 2006, with added responsibilities for the company's sustainability initiatives, and appointed Executive Vice President in February 2008. He also serves on the board of directors of the U.S. Chamber of Commerce. Mr. Kepler serves as an executive committee member of the board of the American Chemistry Council, and as a trustee of the University of California Berkeley Foundation. He also serves on the boards of Dorinco Reinsurance Company and Liana Limited, both Dow-affiliated companies, and is appointed to the U.S. National Infrastructure Advisory Council that advises the President on the protection of critical infrastructure and homeland security issues. He joined our board on November 1, 2007.

William S. Stavropoulos, 72, retired as director and Chairman of the Board of Dow on April 1, 2006. He had served in such capacity since November 2000. Mr. Stavropoulos was the President and Chief Executive Officer of Dow from 1995 to 2000 and was Chairman of the Board, President and Chief Executive Officer from 2002 to November 2004. In addition, he is a director of Tyco International, Inc., and Chemical Financial Corporation, and is the non-executive chairman of Univar, Inc., a global distributor of commodity and specialty chemicals. He is on the advisory boards for Metalmark Capital LLC, a private equity investment firm, and Maersk Inc., and is a trustee to the Fidelity Group of Funds. He also serves as a special advisor to Clayton, Dubilier & Rice, Inc., a private equity investment firm, and is the president and founder of the Michigan Baseball Foundation. Mr. Stavropoulos joined our board on September 6, 2007.

Class III Current Terms Expiring in 2013:

Edward P. Boykin, 73, retired as the President and Chief Operating Officer of Computer Sciences Corporation (CSC), an information technology services company he joined in 1966, in June 2003. He had served in that capacity since July 2001. From 1998 to 2001, he held a number of senior management positions at CSC, including group president of its Financial Services Group from 1999 to 2001 and vice president of its Technology Management Group from 1998 to 1999. Mr. Boykin also serves on the board of directors of NCR Corporation. He was Chairman of the Board of Capital TEN Acquisition Corp. from October 2007 to May 2008, and was a director of PlusOne Solutions, Inc. from October 2008 to October 2009. He joined our board on September 6, 2007.

Cary T. Fu, 63, has served as Chairman of the Board of Benchmark Electronics, Inc. (Benchmark), a publicly-held electronics manufacturing services provider, since 2009 and has been a director of Benchmark since 1990. In December 2011, Mr. Fu retired as Benchmark's Chief Executive Officer, a position he held since September 2004. Prior to becoming Chief Executive Officer of Benchmark, he served as its President and Chief Operating Officer from May 2001 to September 2004, Executive Vice President from 1992 to 2001, and Executive Vice President, Financial Administration, from 1990 to 1992. He is also a certified public accountant and joined our board on July 29, 2008.

Victor L. Lund, 64, has served as the non-executive Chairman of the Board of DemandTec, Inc., a publicly-held, on-demand applications company, since December 2006, and has been a member of its board since April 2005. Mr. Lund served as Chairman of the Board of American Stores Company from 1995 until its acquisition by Albertson's, Inc. in June 1999, and as Chief Executive Officer of American Stores Company from 1992 until 1999. From 1999 until 2002, he served as Vice Chairman of Albertson's. In the last five years, Mr. Lund has served on the boards of Mariner Health Care, Inc., NCR Corporation, Borders Group, Inc., and Delta Air Lines, Inc. Prior to joining American Stores Company in 1977, Mr. Lund was a practicing certified public accountant. He also currently serves on the board of directors of Service Corporation International and served as the lead director for Del Monte Foods Company from 2005 until February 2011. He joined our board on September 6, 2007.

No family relationship exists among any of the directors, nominees or executive officers. No arrangement or understanding exists between any director, nominee, or executive officer and any other person pursuant to which any director, nominee or executive officer was selected as a director, nominee or executive officer of the Company.

ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS

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

Corporate Governance

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

Corporate Governance Guidelines

To help discharge its responsibilities, the Board of Directors has adopted Corporate Governance Guidelines on significant corporate governance issues. These guidelines address, among other things, such matters as director independence, committee membership and structure, meetings and executive sessions, and director selection, retirement, and training. The board's Corporate Governance Guidelines are found on our corporate governance website at <http://www.teradata.com/t/governance-guidelines>. The board's independent directors meet regularly in executive session without management present and, as provided in the Corporate Governance Guidelines, the Board of Directors has selected the Chairman of the Board, who is an independent director, to preside at its executive sessions during 2012.

Board Independence and Related Transactions

We believe that the Company benefits from having a strong and independent board. For a director to be considered independent, the board must determine that the director does not have any direct or indirect material relationship with the Company that would affect his or her exercise of independent judgment. The Board of Directors has established independence standards as part of its Corporate Governance Guidelines. In general, the board must determine whether a director is considered independent, taking into account the independence guidelines of the New York Stock Exchange (NYSE) and the factors listed immediately following this paragraph (which are included as Exhibit B, Definition of Director Independence, to the board's Corporate Governance Guidelines referenced above) in addition to those other factors it may deem relevant. No director may qualify as independent unless the board affirmatively determines (i) under the NYSE listing standards, that he or she has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us), and (ii) under our independence standards, that the director or director candidate:

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

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

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

has not, directly or indirectly, had a material relationship (such as being an executive officer, director, partner, or significant stockholder) with a significant customer or supplier of the Company, and in no case may the director be an executive officer or employee of another company that in the previous

three years made payments to or received payments from us in a fiscal year exceeding the greater of \$1 million or 2% of the other company's consolidated gross revenues;

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

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

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

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

Our Board of Directors has determined that all of our non-employee directors and nominees, namely Ms. Cooper and Messrs. Boykin, Fu, Kepler, Lund, Ringler, Schwarz, and Stavropoulos, meet the NYSE listing independence standards and our independence standards. There were no transactions, relationships or arrangements in fiscal year 2011 that required review by the board for purposes of determining director independence.

Board Leadership Structure

While our Governance Guidelines do not require that our Chairman and Chief Executive Officer positions be separate, our board believes that having separate positions and having an independent director serve as Chairman is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance. Our board is led by an independent Chairman, Mr. Ringler. Our Chief Executive Officer, Mr. Koehler, is the only member of the board who is not an independent director. We believe that this leadership structure enhances the accountability of the Chief Executive Officer to the board, strengthens the board's independence from management and benefits independent risk oversight of the Company's day-to-day risk management activities. In addition, separating these roles allows Mr. Koehler to focus his efforts on running our business and managing the Company in the best interests of our stockholders, while we are able to benefit from Mr. Ringler's prior experience as a chairman of other public company boards.

Board Oversight of Risk

Management is responsible for the Company's day-to-day risk management activities, and our board's role is to engage in informed risk oversight. In fulfilling this oversight role, our Board of Directors focuses on understanding the nature of our enterprise risks, including our operations and strategic direction, as well as the adequacy of our risk management process and overall risk management system. The board's committee structure and the collective knowledge and experience of its members promotes a broad perspective, open dialogue and useful insights regarding risk, thereby increasing the effectiveness of the board's role in risk oversight. There are a number of ways our board performs this function, including the following:

at its regularly scheduled meetings, the board receives management updates on our business operations, financial results and strategy and discusses risks related to the business;

the Audit Committee assists the board in its oversight of risk management by discussing with management, particularly, the Chief Financial Officer and Vice President, Enterprise Risk and Assurance Services, the Company's guidelines and policies regarding financial and enterprise risk management and risk appetite, including (i) major risk exposures, and the steps management has taken to monitor and control such exposures, and (ii) internal audit and ethics and compliance updates, as well as whistleblower updates, if any; and

through management updates and committee reports, the board monitors our risk management activities, including the enterprise risk management process, risks relating to our compensation programs, and financial and operational risks being managed by the Company.

Compensation Risk Assessment

Based on an analysis conducted by management and reviewed by the Compensation and Human Resource Committee, we do not believe that our compensation programs for employees generally are reasonably likely to have a material adverse effect on the Company.

Executive Management Succession Planning

The Board of Directors has in place an effective planning process to assess successors to the Chief Executive Officer and other members of executive management. The Compensation and Human Resource Committee, in consultation with the Chief Executive Officer, annually reports to the board on management succession planning. The entire board works with the Compensation and Human Resource Committee and the Chief Executive Officer to evaluate potential successors to the Chief Executive Officer and other members of executive management on a planned and unplanned basis. The Chief Executive Officer annually provides to the Compensation and Human Resource Committee his recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

Code of Ethics

We have a Code of Conduct that sets the standard for ethics and compliance for all of our employees, including our officers, directors, chief accounting officer, and corporate controller. Our Code of Conduct is available on our corporate governance web site at <http://www.teradata.com/t/code-of-conduct>.

Section 16(a) Beneficial Ownership Reporting Compliance

To the best of our knowledge, during 2010 and 2011, all of our executive officers and directors timely filed the reports required under Section 16(a) of the Securities Exchange Act of 1934, except that Mr. Schwarz was inadvertently late in filing four reports from 2010 and seven reports from 2011 related to a trust holding investments managed by a third party.

Meetings and Meeting Attendance

The board and its committees met a total of 28 times last year. In 2011, each of the directors attended 75% or more of the total number of meetings of the board and the committee(s) on which he or she serves. In addition, under the board's Corporate Governance Guidelines, our directors are expected to attend our annual meeting of stockholders each year. All of our directors attended the 2011 annual meeting of stockholders.

Selection of Nominees for Directors

The Board of Directors and the Governance Committee are responsible for recommending candidates for membership to the board. The director selection process and director qualification guidelines are described in detail in the board's Corporate Governance Guidelines, which are posted on our corporate governance website at <http://www.teradata.com/t/governance-guidelines>. The board and the Governance Committee determine the

appropriate qualifications, skills and experiences needed to comprise an experienced and diverse board using the qualification factors listed in our Corporate Governance Guidelines. In determining candidates for nomination, the Governance Committee will seek the input of the Chairman of the Board and the Chief Executive Officer and will consider individuals recommended for board membership by our stockholders in accordance with our bylaws and applicable law.

The board and the Governance Committee are committed to finding proven leaders who are qualified to serve as Teradata directors. In late 2007, the Governance Committee engaged the outside search firm of Spencer Stuart LLP to assist it in identifying and contacting qualified candidates to expand the size of the board following the spin off from NCR Corporation. This engagement continued into 2011. In addition, directors have suggested potential candidates for consideration by this committee. The Governance Committee evaluates all candidates using the qualification guidelines included as part of the board's Corporate Governance Guidelines, as well as other relevant factors as it deems appropriate. As part of the selection process, the committee and the board examine candidates' business skills and experience, personal integrity, judgment, ability to devote the appropriate amount of time and energy to serving the best interests of stockholders, the objectives and desired composition of the board as a whole and the Company's current and future needs. Although we do not have a formal diversity policy, the Governance Committee and the board also consider the diversity needs of the board, including the desire for diverse perspectives that can be gained through any number of factors such as professional experience and perspectives, education, gender or national origin. As described under the caption "Director Qualifications" on page 6 of this proxy statement, we believe our directors have very diverse perspectives, business skills, experience, and backgrounds.

Stockholders wishing to recommend individuals for consideration as directors should submit their suggestions in writing to the Corporate Secretary of the Company in accordance with the provisions of our bylaws which require the recommending stockholder to provide, among other things, the candidate's name, age, residential and business contact information, detailed biographical data and qualifications for service as a board member, the class or series and number of shares of Teradata's capital stock (if any) which are owned beneficially or of record by the candidate, a document signed by the candidate indicating the candidate's willingness to serve, if elected, and evidence of the stockholder's ownership of our stock. Recommendations by stockholders that are made in this manner will be evaluated in the same manner as other candidates. Stockholders who intend to nominate directors for election at our next annual meeting of stockholders must follow the procedures described in our bylaws, which are available on our corporate governance website at <http://www.teradata.com/t/articles-and-bylaws>. See "Procedures for Stockholder Proposals and Nominations" on page 71 of this proxy statement for further details regarding how to nominate directors.

The directors nominated by the Board of Directors for election at the 2012 annual meeting were recommended by the Governance Committee. See "Director Qualifications and Nominees" on pages 6 through 10 of this proxy statement for further details regarding the reasons and director attributes supporting these nominations. All of these candidates for election are currently serving as our directors and have been determined by the board to be independent.

Under the board's Corporate Governance Guidelines, if any of the directors nominated for election at the 2012 annual meeting is not re-elected by the required majority vote, such director is required to promptly offer his or her resignation. The Board of Directors, giving due consideration to the best interests of the Company and our stockholders, is required to evaluate the relevant facts and circumstances, including whether the underlying cause of the director's failure to receive the required majority vote can be cured, and make a decision on whether to accept the offered resignation. Any director who offers a resignation pursuant to this provision cannot participate in the board's decision. The Board of Directors will promptly disclose publicly its decision and, if applicable, the reasons for rejecting the offered resignation. If the board accepts a director's resignation pursuant to this process, the Governance Committee will recommend to the Board of Directors whether to fill the resulting vacancy or reduce the size of the board.

COMMITTEES OF THE BOARD

Committee Structure and Responsibilities

Our Board of Directors has four committees: the Audit Committee, the Compensation and Human Resource Committee, the Committee on Directors and Governance, and the Executive Committee.

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

The Audit Committee also:

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

reviews and discusses with our independent registered public accounting firm its quality control procedures;

regularly reviews the annual audit plan of our independent registered public accounting firm, including the scope of audit activities, and monitors the progress and results of the annual audit;

meets with the independent registered public accounting firm, the internal auditors and management to review the adequacy of our internal controls and its financial, accounting and reporting processes;

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

discusses with management and the independent registered public accounting firm (i) all critical accounting policies and practices used, (ii) any significant financial reporting issues and judgments made in connection with the preparation of our financial statements, including analyses of the effects of alternative accounting methods under generally accepted accounting principles that have been discussed with management and the treatment preferred by the independent registered public accounting firm, (iii) the effect of regulatory and accounting initiatives and off-balance sheet structures on our financial statements, and (iv) any other reports required by law to be delivered by the independent registered public accounting firm, including any management letter or schedule of unadjusted differences;

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

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

reviews our periodic SEC filings and our quarterly earnings releases;

oversees our ethics and compliance program;

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

reviews relationships between the Company and our independent registered accounting firm to ascertain the independence of the external auditors.

The Audit Committee has four members, Messrs. Boykin, Fu, and Lund and Ms. Cooper, each of whom is independent and financially literate, as determined by the board under applicable SEC and NYSE standards. In

addition, the board has determined that all of the members of the Audit Committee are audit committee financial experts, as defined under SEC regulations. No member of the committee may receive any compensation, consulting, advisory or other fee from us, other than board compensation described below under the caption Director Compensation, as determined in accordance with applicable SEC and NYSE rules. Each Audit Committee member is limited to serving on the audit committees of two other public companies, unless the Board of Directors evaluates and determines that these other commitments would not impair the director's effective service to us.

A more detailed discussion of the committee's mission, composition, and responsibilities is contained in the Audit Committee Charter. A copy of this charter, which was last amended by the committee on December 15, 2014, is equal to the carrying amounts in the accompanying financial statements due to the short maturity of such instruments. Under the fair value hierarchy, these financial instruments are valued primarily using Level 3 inputs.

NOTE 4 – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

NOTE 5 – INCOME TAX STATUS

The Plan has adopted a prototype plan that has received an opinion letter from the Internal Revenue Service dated March 31, 2014. The Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the trust, which forms a part of the Plan, is exempt from federal taxes. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 6 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500:

	December 31,	
	2017	2016
Net assets available for benefits per the financial statements	\$359,790,602	\$263,795,213
Employer's contribution receivable not accrued on Schedule H of Form 5500	(5,742,087)	(5,368,587)
Benefits payable accrued on Schedule H of Form 5500 but not on financial statements	—	(259,116)
Excess participant contributions payable not accrued on Schedule H of Form 5500	—	42,341
Net assets available for benefits per Schedule H of Form 5500	\$354,048,515	\$258,209,851

The following are reconciliations of employer and participant contributions and distributions per the financial statements for the year ended December 31, 2017 to Schedule H of Form 5500:

	Year Ended December 31, 2017
Employer contributions per the financial statements	\$5,742,087
Plus 2016 employer contributions received by the Plan in 2017 not accrued on Schedule H of Form 5500	5,368,587
Less 2017 employer contributions received by the Plan in 2017 and not accrued on Schedule H of Form 5500	(5,742,087)
Employer contributions per Schedule H of Form 5500	\$5,368,587
	Year Ended December 31, 2017
Benefits paid to participants per the financial statements	\$27,921,512
Less benefits payable accrued for 2016	(259,116)
Excess contributions during 2017 relating to 2016	42,341
Total benefits paid per the Schedule H of Form 5500	\$27,704,737

NOTE 7 – TRANSACTIONS WITH PARTIES-IN-INTEREST AND RELATED PARTIES

Transactions in shares of the Plan Sponsor's Common Stock qualify as party-in-interest transactions under the provisions of ERISA. During 2017, the Plan purchased \$3,107,198 and sold \$6,347,536 of the Plan Sponsor's Common Stock. Shares held of Company's stock as of December 31, 2017 and 2016 totaled 230,697 and 265,092, respectively. The fair value of Common Stock as of December 31, 2017 and 2016 totaled \$26,224,670 and \$25,689,584, respectively.

Certain Plan investments are managed by Bank of America Merrill Lynch, the trustee of the plan. Any purchases and sales of these funds are performed in the open market at fair value. Such transactions, while considered party-in-interest transactions under ERISA regulations, are permitted under the provisions of the Plan and are specifically exempt from the prohibition of party-in-interest transactions under ERISA.

NOTE 8 – PLAN MERGER

In 2017, the Baierl Chevrolet, Inc. 401(k) Retirement Plan, a plan sponsored by the Baierl Automotive Group which was acquired by Lithia, was merged with the Plan. Accordingly, assets of \$27,264,763 were transferred into the Plan on August 1, 2017.

LITHIA MOTORS, INC.
SALARY REDUCTION PROFIT SHARING PLAN
SCHEDULE H, LINE 4I-SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2017
EIN 93-0572810 PN 003

SUPPLEMENTAL SCHEDULE OF ASSETS

(a) lessor, or similar party	(b) Identity of issue, borrower,	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value Rounded
*	Bank of America, N.A.	Interest-bearing Cash	N/A	\$7,188,361
*	Lithia Motors, Inc. Class A Common Stock	Common Stock	N/A	26,224,670
	State Street U.S. Bond Index	Common Collective Trusts	N/A	1,825,227
	State Street S&P 500 Index	Common Collective Trusts	N/A	41,257,403
	State Street Russell Small/Mid C	Common Collective Trusts	N/A	8,056,382
	State Street Small Cap Index	Common Collective Trusts	N/A	4,242,749
	Blackrock MSCI ACWI EX US CL M	Common Collective Trusts	N/A	1,015,169
	American EuroPacific Growth R6	Mutual Funds	N/A	9,846,621
	American Small Cap World	Mutual Funds	N/A	9,116,984
	Vanguard Mid Cap Growth Fund	Mutual Funds	N/A	10,872,792
	Pimco Low Duration Fund Inst Class	Mutual Funds	N/A	3,244,895
	Goldman Sachs High Yield I	Mutual Funds	N/A	3,447,528
	Vanguard Selected Value Fund	Mutual Funds	N/A	5,343,400
	American Century Inflation Adjusted	Mutual Funds	N/A	2,342,920
	T Rowe Price Blue Chip Growth	Mutual Funds	N/A	18,303,660
	John Hancock Disciplined R6	Mutual Funds	N/A	9,789,172
	Oppenheimer Developing Fund I	Mutual Funds	N/A	5,528,146
	MFS Total Return Fund R6	Mutual Funds	N/A	25,824,457
	JP Morgan 2055 Smart Retirement R6	Mutual Funds	N/A	9,218,080
	JP Morgan 2025 Smart Retirement R6	Mutual Funds	N/A	21,088,716
	JP Morgan 2045 Smart Retirement R6	Mutual Funds	N/A	12,140,605
	JP Morgan Income Smart Retirement R6	Mutual Funds	N/A	14,125,203
	JP Morgan 2030 Smart Retirement R6	Mutual Funds	N/A	22,712,083
	JP Morgan 2050 Smart Retirement R6	Mutual Funds	N/A	12,596,382

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JP Morgan 2020 Smart Retirement R6	Mutual Funds	N/A 16,670,180
JP Morgan 2040 Smart Retirement R6	Mutual Funds	N/A 19,287,131
JP Morgan 2035 Smart Retirement R6	Mutual Funds	N/A 15,872,579
JP Morgan 2060 Smart Retirement R6	Mutual Funds	N/A 473,100
Janus Henderson Flexible Bond N	Mutual Funds	N/A 1,310,878
Columbia Small Cap Value Fund Y	Mutual Funds	N/A 1,020,817
* Participants	Participant Notes Receivable (3.25% - 6.00%)	N/A 14,062,225 \$354,048,515

N/A - Cost is not applicable as these are participant directed investments

* - Party-in-interest to the plan

See Notes to Financial Statements and Report of Independent Registered Accounting Firm

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EXHIBIT INDEX

Exhibit Description

23 Consent of Independent Registered Public Accounting Firm

11

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: June 15, 2018 LITHIA MOTORS, INC.

SALARY REDUCTION PROFIT SHARING PLAN

By: /s/ Carla Hegler
Carla Hegler