



NEWS RELEASE

Teradata Reports 2014 Second Quarter Results

- Revenue increased 1 percent in the second quarter, as reported and in constant currency⁽¹⁾
- International revenue increased 14 percent in the second quarter
- GAAP EPS \$0.60, non-GAAP EPS \$0.72⁽²⁾
- Cash from Operations for the first six months increased 26 percent versus prior year

ATLANTA, Georgia (August 7, 2014) – Teradata Corp. (NYSE: [TDC](#)) reported revenue of \$676 million for the quarter ended June 30, 2014, an increase of 1 percent from \$670 million in the second quarter of 2013. Revenue in the second quarter increased 1 percent when compared in constant currency.⁽¹⁾

Gross margin was 54.9 percent, as reported under U.S. Generally Accepted Accounting Principles (GAAP), versus 56.6 percent in the second quarter of 2013. On a non-GAAP basis, excluding stock-based compensation expense and the other special items described in footnote #2, gross margin was 56.1 percent, versus 57.9 percent in the second quarter of 2013.⁽²⁾

Teradata reported second quarter net income of \$96 million, or \$0.60 per diluted share, which compared to net income of \$108 million, or \$0.65 per diluted share, in the second quarter of 2013. Stock-based compensation expense and other special items reduced Teradata's second quarter net income by \$18 million (or 12 cents of EPS) as reported under GAAP.⁽²⁾ Excluding stock-based compensation expense and the other special items detailed in footnote #2, non-GAAP net income in the second quarter of 2014 was \$114 million, or \$0.72 per diluted share, versus \$126 million, or \$0.76 per diluted share, in the second quarter of 2013.⁽²⁾

"We made good progress in several areas of our business in the quarter, and for the first half. New data warehouse customer wins were the second highest ever recorded for a Q2 and for a first half. International revenue was up 14 percent in the second quarter, and up 10 percent for the first half," said Mike Koehler, president and chief executive officer, Teradata Corporation. "We continue to experience strong activity with our Unified Data Architecture, Teradata Aster and big data-related solutions and services, as customers build out their analytical ecosystems."

Segment Revenue Performance

(in millions)

| For the Three Months Ended June 30 | | | | |
|---|--------------|--------------|---------------------------------|--|
| | 2014 | 2013 | % Change as Reported | % Change in Constant Currency⁽¹⁾ |
| Americas | \$374 | \$405 | -8% | -7% |
| International | \$302 | \$265 | 14% | 13% |
| Total Revenue | \$676 | \$670 | 1% | 1% |

| For the Six Months Ended June 30 | | | | |
|---|----------------|----------------|---------------------------------|--|
| | 2014 | 2013 | % Change as Reported | % Change in Constant Currency⁽¹⁾ |
| Americas | \$758 | \$760 | 0% | 0% |
| International | \$546 | \$497 | 10% | 10% |
| Total Revenue | \$1,304 | \$1,257 | 4% | 4% |

Operating Income

Second quarter operating income of \$133 million decreased from \$147 million reported in the second quarter of 2013. On a non-GAAP basis, operating income was \$159 million versus \$174 million in the second quarter of 2013.⁽²⁾ The difference was primarily due to lower margins from increased amortization of previously capitalized software development costs, lower service margins, and higher operating expenses including increased research and development expense.

Cash Flow

During the second quarter of 2014, Teradata generated \$138 million of cash from operating activities, which compared to \$140 million in the prior-year period. Teradata generated \$113 million of free cash flow (cash from operating activities less capital expenditures and additions to capitalized software)⁽³⁾ in the second quarter of 2014, versus \$102 million in the same period in 2013.

Year to date, Teradata generated \$481 million of cash from operating activities, compared to \$383 million in the prior-year period. Teradata generated \$423 million of free cash flow⁽³⁾ in the first six months of 2014, a 33 percent increase from \$318 million generated in the same period in 2013.

Balance Sheet

Teradata ended the quarter with \$934 million in cash, a \$12 million increase from March 31, 2014. During the quarter, Teradata purchased approximately 2.5 million shares of its stock for approximately \$104 million during the quarter. Year to date, through July 31, Teradata purchased 4.5 million shares for approximately \$190 million.

As of June 30, 2014, Teradata had total debt of \$263 million outstanding under a term loan. Additionally, Teradata has \$300 million available through a pre-arranged credit facility; however, no funds were drawn from the credit facility.

2014 Outlook

Teradata continues to expect full-year 2014 revenue to grow at the lower end of its original 3-7 percent guidance range. Based on currency rates at the end of July 2014, currency translation is not expected to have a meaningful impact on Teradata's full-year revenue comparison.⁽¹⁾ Teradata also continues to expect 2014 non-GAAP earnings per share (which excludes stock-based compensation expense and other special items) to be at the lower end of the \$2.85-\$3.00 range.⁽²⁾

2014 Second Quarter Earnings Conference Call

A conference call is scheduled today at 8:30 a.m. (ET) to discuss the company's second quarter 2014 results. Access to the conference call, as well as a replay of the call, is available on Teradata's web site at investor.teradata.com.

Supplemental financial information regarding Teradata's operating results is also available on the Investor Relations page of Teradata's web site.

1. The impact of currency is determined by calculating the prior-period results using the current-year monthly average currency rates. See the foreign currency fluctuation schedule on the Investor Relations page of the company's web site at investor.teradata.com, which is used to determine revenue on a constant currency (CC) basis.

(in millions)

| | For the Three Months Ended June 30 | | Chg As Rpt'd | Chg In CC | For the Six Months Ended June 30 | | Chg As Rpt'd | Chg In CC |
|------------------------------|------------------------------------|--------------|--------------|-----------|----------------------------------|----------------|--------------|-----------|
| | 2014 | 2013 | | | 2014 | 2013 | | |
| Revenue | | | | | | | | |
| Products (software/hardware) | \$300 | \$303 | -1% | -1% | \$573 | \$552 | 4% | 4% |
| Consulting services | \$203 | \$207 | -2% | -2% | \$392 | \$393 | 0% | 0% |
| Maintenance services | \$173 | \$160 | 8% | 9% | \$339 | \$312 | 9% | 10% |
| Total Services | \$376 | \$367 | 2% | 3% | \$731 | \$705 | 4% | 4% |
| Total Revenue | \$676 | \$670 | 1% | 1% | \$1,304 | \$1,257 | 4% | 4% |
| By segment | | | | | | | | |
| Americas | \$374 | \$405 | -8% | -7% | \$758 | \$760 | 0% | 0% |
| International | \$302 | \$265 | 14% | 13% | \$546 | \$497 | 10% | 10% |
| Total Revenue | \$676 | \$670 | 1% | 1% | \$1,304 | \$1,257 | 4% | 4% |

2. Teradata reports its results in accordance with GAAP. However, as described below, the company believes that certain non-GAAP measures (such as non-GAAP gross margin, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per diluted share, or EPS, which exclude certain items as well as free cash flow) are useful for investors. Our non-GAAP measures are not meant to be considered in isolation or as substitutes for, or superior to, results determined in accordance with GAAP, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.

Special items included in Teradata's 2014 second quarter GAAP operating income results as reported in this release included \$13 million of stock-based compensation expense; \$11 million of amortization of acquisition-related intangible assets; and \$2 million of acquisition, integration and reorganization expenses. In addition to the special items included in Teradata's 2014 second quarter GAAP operating income, Teradata's GAAP net income also included a \$1 million impairment of an equity investment.

Teradata's year-to-date 2013 GAAP net income included a \$4 million income tax benefit related to the 2012 U.S. Research & Development tax credit. This benefit was included in Teradata's non-GAAP results in the fourth quarter of 2012, since the benefit related to the 2012 tax reporting period. However, Teradata could not include the tax benefit in its GAAP results in the fourth quarter of 2012 due to the American Taxpayer Relief Act of 2012 not being enacted until January 2013. As a result, the \$4 million tax benefit was included in Teradata's 2013 GAAP net income, but was excluded from the company's non-GAAP net income.

The following tables reconcile Teradata's actual and projected results and EPS under GAAP to the company's actual and projected non-GAAP results and EPS for the periods presented, which exclude certain items. Our management regularly uses supplemental non-GAAP financial measures, such as gross margin, operating income, net income and EPS, excluding certain items internally, to understand, manage and evaluate our business and support operating decisions. The company believes such non-GAAP financial measures (1) provide useful information to investors regarding the underlying business trends and performance of the company's ongoing operations, (2) are useful for period-over-period comparisons of such operations and results, that may be more easily compared to peer companies and allow investors a view of the company's operating results excluding special items, (3) provide useful information to management and investors regarding present and future business trends, and (4) provide consistency and comparability with past reports and projections of future results.

Teradata's reconciliation of GAAP to non-GAAP results included in this release:

(in millions, except per share data)

| | For the Three Months | | | For the Six Months | | |
|---|----------------------|--------------|--------------------|--------------------|--------------|--------------------|
| | Ended June 30 | | Chg as Rpt'd | Ended June 30 | | Chg As Rpt'd |
| | 2014 | 2013 | | 2014 | 2013 | |
| Gross Margin: | | | | | | |
| GAAP Gross Margin | \$371 | \$379 | -2% | \$704 | \$684 | 3% |
| % of Revenue | 54.9% | 56.6% | | 54.0% | 54.4% | |
| Excluding: | | | | | | |
| Stock-based compensation expense | 3 | 2 | | 6 | 3 | |
| Amortization of acquisition-related intangible assets | 5 | 6 | | 10 | 13 | |
| Acquisition, integration and reorganization related costs | - | 1 | | 4 | 1 | |
| Non-GAAP Gross Margin | <u>\$379</u> | <u>\$388</u> | -2% | <u>\$724</u> | <u>\$701</u> | 3% |
| % of Revenue | 56.1% | 57.9% | | 55.5% | 55.8% | |
| Operating Income: | | | | | | |
| GAAP Operating Income | \$133 | \$147 | -10% | \$222 | \$223 | 0% |
| % of Revenue | 19.7% | 21.9% | | 17.0% | 17.7% | |
| Excluding: | | | | | | |
| Stock-based compensation expense | 13 | 14 | | 25 | 27 | |
| Amortization of acquisition-related intangible assets | 11 | 10 | | 23 | 22 | |
| Acquisition, integration and reorganization related costs | 2 | 3 | | 14 | 6 | |
| Non-GAAP Operating Income | <u>\$159</u> | <u>\$174</u> | -9% | <u>\$284</u> | <u>\$278</u> | 2% |
| % of Revenue | 23.5% | 26.0% | | 21.8% | 22.1% | |

Net Income:

| | | | | | | |
|---|--------------|--------------|------|--------------|--------------|-----|
| GAAP Net Income | \$96 | \$108 | -11% | \$155 | \$167 | -7% |
| % of Revenue | 14.2% | 16.1% | | 11.9% | 13.3% | |
| Excluding: | | | | | | |
| Stock-based compensation expense | 9 | 10 | | 17 | 18 | |
| Amortization of acquisition-related intangible assets | 7 | 6 | | 15 | 14 | |
| Acquisition, integration and reorganization related costs | 1 | 2 | | 8 | 4 | |
| Net loss on equity investments | 1 | - | | 6 | - | |
| 2012 R&D Tax Credit, enacted in 2013 | - | - | | - | (4) | |
| Non-GAAP Net Income | <u>\$114</u> | <u>\$126</u> | -10% | <u>\$201</u> | <u>\$199</u> | 1% |
| % of Revenue | 16.9% | 18.8% | | 15.4% | 15.8% | |

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | | 2014 Full Year Guidance |
|---|---------------------------------------|---------------|-------------------------------------|---------------|-------------------------------|
| Diluted Earnings Per Share: | 2014 | 2013 | 2014 | 2013 | |
| GAAP Diluted Earnings Per Share | \$0.60 | \$0.65 | \$0.97 | \$1.00 | \$2.33 - \$2.48 |
| Excluding: | | | | | |
| Stock-based compensation expense | \$0.06 | \$0.06 | \$0.11 | \$0.11 | \$0.22 |
| Amortization of acquisition-related intangible assets | \$0.04 | \$0.04 | \$0.09 | \$0.08 | \$0.19 |
| Acquisition, integration and reorganization related costs | \$0.01 | \$0.01 | \$0.05 | \$0.02 | \$0.08 |
| Net loss on equity investments | \$0.01 | - | \$0.03 | - | \$0.03 |
| 2012 R&D Tax Credit, enacted in 2013 | - | - | - | (\$0.02) | - |
| Non-GAAP Diluted Earnings Per Share | <u>\$0.72</u> | <u>\$0.76</u> | <u>\$1.25</u> | <u>\$1.19</u> | <u>\$2.85 - \$3.00</u> |

3. As described above, the company believes that free cash flow is a useful non-GAAP measure for investors. Teradata defines free cash flow as cash provided/used by operating activities less capital expenditures for property and equipment, and additions to capitalized software. Free cash flow does not have a uniform definition under GAAP and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the company and believes it 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 generated after capital expenditures for, among other things, investment in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of the company's stock and repayment of the company's debt obligations, if any. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. This non-GAAP measure is not meant to be considered in isolation, as a substitute for, or superior to, results determined in accordance with GAAP, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.

| | For the Three Months Ended June 30 (in millions) | | For the Six Months Ended June 30 (in millions) | |
|--|--|-------|--|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash provided by operating activities (GAAP) | \$138 | \$140 | \$481 | \$383 |
| <u>Less</u> capital expenditures for: | | | | |
| Expenditures for property and equipment | (9) | (21) | (21) | (31) |
| Additions to capitalized software | (16) | (17) | (37) | (34) |
| Total capital expenditures | (25) | (38) | (58) | (65) |
| Free Cash Flow (non-GAAP measure) | \$113 | \$102 | \$423 | \$318 |

Note to Investors

This news release contains forward-looking statements, including statements as to anticipated or expected results, beliefs, opinions and future financial performance, within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include projections of revenue, profit growth and other financial items, future economic performance and statements concerning analysts' earnings estimates, among other things. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that could cause Teradata's actual results to differ materially. In addition to the factors discussed in this release, other risks and uncertainties could affect our future results, and could cause actual results to differ materially from those expressed in such forward-looking statements. Such factors include those relating to: the global economic environment in general or on the ability of our suppliers to meet their commitments to us, or the timing of purchases by our current and potential customers, and other general economic and business conditions; the rapidly changing and intensely competitive nature of the information technology industry and the data analytics business, including the increased pressure on price/performance for data analytics solutions; fluctuations in our operating results, unanticipated delays or accelerations in our sales cycles and the difficulty of accurately estimating revenues; risks inherent in operating in foreign countries, including the impact of economic, political, legal, regulatory, compliance, cultural, foreign currency fluctuations and other conditions abroad; the timely and successful development, production or acquisition and market acceptance of new and existing products and services, including our ability to accelerate market acceptance of new products and services as well as the reliability, quality, security and operability of new products because of the difficulty and complexity associated with their testing and production; tax rates; turnover of workforce and the ability to attract and retain skilled employees; availability and successful exploitation of new acquisition and alliance opportunities; our ability to execute integration plans for newly acquired entities, including the possibility that expected synergies and operating efficiencies may not be achieved, that such integration efforts may be more difficult, time-consuming or costly than expected, and that operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; recurring revenue may decline or fail to be renewed; changes in Generally Accepted Accounting Principles (GAAP) and the resulting impact, if any, on the company's accounting policies; continued efforts to establish and maintain best-in-class and secure internal information technology and control systems; and other factors described from time-to-time in the company's filings with the U.S. Securities and Exchange Commission, including its annual report on Form 10-K and subsequent quarterly reports on Forms 10-Q, as well as the company's annual reports to stockholders. The company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Teradata

Teradata (NYSE: TDC), a global leader in analytic data platforms, marketing applications, and consulting services, helps organizations become more competitive by increasing the value of their data and customer relationships. Visit teradata.com for details.

Get to know Teradata:



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TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts - unaudited)

| | For the Period Ended June 30 | | | | | |
|---|------------------------------|---------|-------|------------|---------|-------|
| | Three Months | | | Six Months | | |
| | 2014 | 2013 | % Chg | 2014 | 2013 | % Chg |
| Revenue | | | | | | |
| Products | \$ 300 | \$ 303 | -1% | \$ 573 | \$ 552 | 4% |
| Services | 376 | 367 | 2% | 731 | 705 | 4% |
| Total revenue | 676 | 670 | 1% | 1,304 | 1,257 | 4% |
| Product gross margin | 195 | 202 | | 376 | 358 | |
| % of Revenue | 65.0% | 66.7% | | 65.6% | 64.9% | |
| Services gross margin | 176 | 177 | | 328 | 326 | |
| % of Revenue | 46.8% | 48.2% | | 44.9% | 46.2% | |
| Total gross margin | 371 | 379 | | 704 | 684 | |
| % of Revenue | 54.9% | 56.6% | | 54.0% | 54.4% | |
| Selling, general and administrative expenses | 188 | 185 | | 376 | 364 | |
| Research and development expenses | 50 | 47 | | 106 | 97 | |
| Income from operations | 133 | 147 | | 222 | 223 | |
| % of Revenue | 19.7% | 21.9% | | 17.0% | 17.7% | |
| Other expense, net | (1) | - | | (8) | (1) | |
| Income before income taxes | 132 | 147 | | 214 | 222 | |
| % of Revenue | 19.5% | 21.9% | | 16.4% | 17.7% | |
| Income tax expense | 36 | 39 | | 59 | 55 | |
| % Tax rate | 27.3% | 26.5% | | 27.6% | 24.8% | |
| Net income | \$ 96 | \$ 108 | | \$ 155 | \$ 167 | |
| % of Revenue | 14.2% | 16.1% | | 11.9% | 13.3% | |
| Net income per common share | | | | | | |
| Basic | \$ 0.61 | \$ 0.66 | | \$ 0.98 | \$ 1.02 | |
| Diluted | \$ 0.60 | \$ 0.65 | | \$ 0.97 | \$ 1.00 | |
| Weighted average common shares outstanding | | | | | | |
| Basic | 156.9 | 163.4 | | 157.7 | 164.4 | |
| Diluted | 159.4 | 166.3 | | 160.2 | 167.4 | |

TERADATA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions - unaudited)

| | June 30, 2014 | March 31, 2014 | December 31, 2013 |
|--|------------------|-------------------|----------------------|
| <u>Assets</u> | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 934 | \$ 922 | \$ 695 |
| Accounts receivable, net | 550 | 607 | 717 |
| Inventories | 50 | 42 | 56 |
| Other current assets | 103 | 88 | 95 |
| Total current assets | 1,637 | 1,659 | 1,563 |
| Property and equipment, net | 156 | 159 | 161 |
| Capitalized software, net | 196 | 199 | 195 |
| Goodwill | 950 | 946 | 946 |
| Acquired intangible assets | 126 | 138 | 149 |
| Deferred income taxes | 24 | 24 | 24 |
| Other assets | 47 | 53 | 58 |
| Total assets | <u>\$ 3,136</u> | <u>\$ 3,178</u> | <u>\$ 3,096</u> |
| <u>Liabilities and stockholders' equity</u> | | | |
| Current liabilities | | | |
| Accounts payable | \$ 112 | \$ 97 | \$ 114 |
| Payroll and benefits liabilities | 125 | 133 | 136 |
| Deferred revenue | 442 | 499 | 390 |
| Other current liabilities | 167 | 153 | 136 |
| Total current liabilities | 846 | 882 | 776 |
| Long-term debt | 225 | 240 | 248 |
| Pension and other postemployment plan liabilities | 72 | 75 | 76 |
| Long-term deferred revenue | 26 | 24 | 25 |
| Deferred tax liabilities | 73 | 78 | 87 |
| Other liabilities | 32 | 30 | 27 |
| Total liabilities | 1,274 | 1,329 | 1,239 |
| Stockholders' equity | | | |
| Preferred stock | - | - | - |
| Common stock | 2 | 2 | 2 |
| Paid-in capital | 1,012 | 993 | 973 |
| Treasury Stock | (1,374) | (1,270) | (1,184) |
| Retained earnings | 2,188 | 2,092 | 2,033 |
| Accumulated other comprehensive income | 34 | 32 | 33 |
| Total stockholders' equity | 1,862 | 1,849 | 1,857 |
| Total liabilities and stockholders' equity | <u>\$ 3,136</u> | <u>\$ 3,178</u> | <u>\$ 3,096</u> |

TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions - unaudited)

| | For the Period Ended June 30 | | | |
|---|------------------------------|---------------|---------------|---------------|
| | Three Months | | Six Months | |
| | 2014 | 2013 | 2014 | 2013 |
| Operating activities | | | | |
| Net income | \$ 96 | \$ 108 | \$ 155 | \$ 167 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 43 | 36 | 84 | 70 |
| Stock-based compensation expense | 13 | 14 | 25 | 27 |
| Excess tax benefit from stock-based compensation | - | (1) | (1) | (4) |
| Deferred income taxes | (7) | - | (12) | 6 |
| Loss on investments | 1 | - | 9 | - |
| Changes in assets and liabilities: | | | | |
| Receivables | 57 | (1) | 168 | 157 |
| Inventories | (8) | (5) | 6 | (23) |
| Current payables and accrued expenses | (1) | 15 | 2 | (72) |
| Deferred revenue | (56) | (38) | 53 | 46 |
| Other assets and liabilities | - | 12 | (8) | 9 |
| Net cash provided by operating activities | 138 | 140 | 481 | 383 |
| Investing activities | | | | |
| Expenditures for property and equipment | (9) | (21) | (21) | (31) |
| Additions to capitalized software | (16) | (17) | (37) | (34) |
| Business acquisitions and other investing activities | (3) | (39) | (7) | (39) |
| Net cash used in investing activities | (28) | (77) | (65) | (104) |
| Financing activities | | | | |
| Repurchases of common stock | (98) | (91) | (184) | (184) |
| Repayments of long-term borrowings | (7) | (4) | (11) | (8) |
| Excess tax benefit from stock-based compensation | - | 1 | 1 | 4 |
| Other financing activities, net | 7 | 8 | 14 | 15 |
| Net cash used in financing activities | (98) | (86) | (180) | (173) |
| Effect of exchange rate changes on cash and cash equivalents | - | (4) | 3 | (9) |
| Increase (decrease) in cash and cash equivalents | 12 | (27) | 239 | 97 |
| Cash and cash equivalents at beginning of period | 922 | 853 | 695 | 729 |
| Cash and cash equivalents at end of period | \$ 934 | \$ 826 | \$ 934 | \$ 826 |

TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions - unaudited)

For the Period Ended June 30

| | Three Months | | | | Six Months | | | |
|--|---------------|---------------|-------------------------|----------------------------------|---------------|---------------|-------------------------|----------------------------------|
| | 2014 | 2013 | % Change As Reported | % Change Constant Currency | 2014 | 2013 | % Change As Reported | % Change Constant Currency |
| Segment Revenue | | | | | | | | |
| Americas | \$ 374 | \$ 405 | -8% | -7% | \$ 758 | \$ 760 | 0% | 0% |
| International | 302 | 265 | 14% | 13% | 546 | 497 | 10% | 10% |
| Total revenue | <u>676</u> | <u>670</u> | 1% | 1% | <u>1,304</u> | <u>1,257</u> | 4% | 4% |
| Segment gross margin | | | | | | | | |
| Americas | 217 | 240 | | | 440 | 435 | | |
| % of Revenue | 58.0% | 59.3% | | | 58.0% | 57.2% | | |
| International | 154 | 139 | | | 264 | 249 | | |
| % of Revenue | 51.0% | 52.5% | | | 48.4% | 50.1% | | |
| Total gross margin | <u>371</u> | <u>379</u> | | | <u>704</u> | <u>684</u> | | |
| % of Revenue | 54.9% | 56.6% | | | 54.0% | 54.4% | | |
| Selling, general and administrative expenses | 188 | 185 | | | 376 | 364 | | |
| Research and development expenses | <u>50</u> | <u>47</u> | | | <u>106</u> | <u>97</u> | | |
| Income from operations | <u>\$ 133</u> | <u>\$ 147</u> | | | <u>\$ 222</u> | <u>\$ 223</u> | | |
| % of Revenue | 19.7% | 21.9% | | | 17.0% | 17.7% | | |