

OneMain Holdings, Inc.
Form SC 13G/A
February 12, 2016

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

OneMain Holdings, Inc.
(Name of Issuer)

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

85172J10
(CUSIP Number)

December 31, 2015
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this schedule is filed:

- | | |
|----------------------------------|---------------|
| <input type="radio"/> | Rule 13d-1(b) |
| <input type="radio"/> | Rule 13d-1(c) |
| <input checked="" type="radio"/> | Rule 13d-1(d) |

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No.: 85172J10

1. NAME OF REPORTING PERSON

Springleaf Financial Holdings, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5. SOLE VOTING POWER

0

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With:

6. SHARED VOTING POWER

77,617,178

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

77,617,178

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

77,617,178

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

57.7% (based on 134,483,466 shares outstanding as of November 2, 2015)

12. TYPE OF REPORTING PERSON

OO

CUSIP No.: 85172J10

1. NAME OF REPORTING PERSON
FCFI Acquisition LLC
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)
(b)
3. SEC USE ONLY
4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware
5. SOLE VOTING POWER
0
6. SHARED VOTING POWER
73,437,500*
7. SOLE DISPOSITIVE POWER
0
8. SHARED DISPOSITIVE POWER
73,437,500*
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
73,437,500*
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
54.6% (based on 134,483,466 shares outstanding as of November 2, 2015)
12. TYPE OF REPORTING PERSON
OO

*Solely in its capacity as the holder of 94.6% of the voting membership interests in Springleaf Financial Holdings LLC. AIG Capital Corporation ("ACC") owns 5.4% of the voting membership interests in Springleaf Financial Holdings LLC and has the indirect right to vote and in certain circumstances to cause the disposition of 4,179,678 shares of Common Stock.

CUSIP No.: 85172J10

1. NAME OF REPORTING PERSON

FIG LLC
 2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)	o
(b)	o
 3. SEC USE ONLY
 4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware
 5. SOLE VOTING POWER
0
 6. SHARED VOTING POWER
73,437,500*
 7. SOLE DISPOSITIVE POWER
0
 8. SHARED DISPOSITIVE POWER
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Beneficially
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Reporting
Person With:
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73,437,500*
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o
 11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
54.6% (based on 134,483,466 shares outstanding as of November 2, 2015)
 12. TYPE OF REPORTING PERSON
OO

*Solely in its capacity as the investment advisor to each of Fortress Investment Fund V (Fund A) L.P., Fortress Investment Fund V (Fund B) L.P., Fortress Investment Fund V (Fund C) L.P., Fortress Investment Fund V (Fund D) L.P., Fortress Investment Fund V (Fund E) L.P., Fortress Investment Fund V (Fund F) L.P. and Fortress Investment Fund V (Coinvestment Fund F) L.P. (collectively, the "FIF V Funds"). The FIF V Funds, collectively, are the 100% owners of FCFI Acquisition LLC.

CUSIP No.: 85172J10

1. NAME OF REPORTING PERSON

FORTRESS OPERATING ENTITY I LP

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5. SOLE VOTING POWER

0

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With:

6. SHARED VOTING POWER

73,437,500*

7. SOLE DISPOSITIVE POWER

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8. SHARED DISPOSITIVE POWER

73,437,500*

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

73,437,500*

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11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

54.6% (based on 134,483,466 shares outstanding as of November 2, 2015)

12. TYPE OF REPORTING PERSON

PN

* Solely in its capacity as the holder of all the issued and outstanding interests of FIG LLC.

CUSIP No.: 85172J10

1. NAME OF REPORTING PERSON

FIG Corp.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5. SOLE VOTING POWER

0

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With:

6. SHARED VOTING POWER

73,437,500*

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

73,437,500*

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

73,437,500*

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

54.6% (based on 134,483,466 shares outstanding as of November 2, 2015)

12. TYPE OF REPORTING PERSON

CO

* Solely in its capacity as the general partner of Fortress Operating Entity I LP.

CUSIP No.: 85172J10

1. NAME OF REPORTING PERSON

Fortress Investment Group LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5. SOLE VOTING POWER

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54.6% (based on 134,483,466 shares outstanding as of November 2, 2015)

12. TYPE OF REPORTING PERSON

OO

* Solely in its capacity as the holder of all issued and outstanding shares of FIG Corp.

Item 1.

(a) Name of Issuer:

The name of the issuer is OneMain Holdings, Inc. (the "Issuer").

(b) Address of Issuer's Principal Executive Offices:

The Issuer's principal executive offices are located at 601 N.W. Second Street, Evansville, IN 47708.

Item 2.

(a) Name of Person Filing:

This statement is filed by:

(i) Springleaf Financial Holdings, LLC, a Delaware limited liability company ("SFH"), directly holds shares of Common Stock of the Issuer reported herein;

(ii) FCFI Acquisition LLC, a Delaware limited liability company ("FCFI"), holds 94.6% of the voting membership interests in Springleaf Financial Holdings LLC. AIG Capital Corporation ("ACC") owns 5.4% of the voting membership interests in Springleaf Financial Holdings LLC and has the indirect right to vote and in certain circumstances to cause the disposition of 4,179,678 shares of Common Stock;

(iii) FIG LLC, a Delaware limited liability company ("FIG"), is the investment adviser to each of Fortress Investment Fund V (Fund A) L.P., Fortress Investment Fund V (Fund B) L.P., Fortress Investment Fund V (Fund C) L.P., Fortress Investment Fund V (Fund D) L.P., Fortress Investment Fund V (Fund E) L.P., Fortress Investment Fund V (Fund F) L.P. and Fortress Investment Fund V (Coinvestment Fund F) L.P. (collectively, the "FIF V Funds"). The FIF V Funds, collectively, are the 100% owners of FCFI;

All derivatives are recognized in the Condensed Consolidated Balance Sheet at their fair value. The fair values of foreign exchange contracts are based on market spot and forward exchange rates. As these fair value amounts relate to open foreign exchange contracts which have not yet reached maturity, they represent possible gains/(losses) that may not be realized in the future. Changes in the fair value of derivative financial instruments, along with the loss or gain on the hedged asset or liability, are recorded in current period earnings. The notional amounts represent agreed-upon amounts on which calculations of dollars to be exchanged are based, and are an indication of the extent of Teradata's involvement in such instruments. These notional amounts do not represent amounts exchanged by the parties and, therefore, are not a measure of the instruments. Across its portfolio of contracts, Teradata has both long and short positions relative to the U.S. dollar. As a result, Teradata's net exposure is less than the total contract notional amount of the Company's foreign exchange forward contracts.

At March 31, 2009, the contract notional amount of the Company's foreign exchange forward contracts was \$64 million (\$61 million on a net basis). At March 31, 2009, the Company had no material net assets or liabilities for its active foreign exchange forward contracts recorded in its Condensed Consolidated Balance Sheet.

The aggregate net foreign currency transaction losses (gains) for the three months ended March 31, 2009 and March 31, 2008 were not material to the results of operations. The aggregate foreign currency transaction amounts include the gains/losses on the Company's foreign currency fair value hedges for all periods presented.

7. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is subject to proceedings, lawsuits, claims and other matters, including those that relate to the environment, health and safety, employee benefits, export compliance, intellectual property, tax matters, and other regulatory compliance and general matters, including those described below.

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The Company is subject to governmental investigations and requests for information from time to time. As previously reported prior to the Separation, the United States Department of Justice is conducting an investigation regarding the propriety of the Company's arrangements or understandings with others in connection with certain federal contracts and the adequacy of certain disclosures related to such contracts. The investigation arises in connection with civil litigation in federal district court filed under the qui tam provisions of the civil False Claims Act against a number of information technology companies, including the Company. The complaints against the Company remain under seal. The Company is conducting its own internal investigation focusing on the propriety of certain transactions under federal programs under which Teradata was a contractor. During 2008 the Company shared evidence with the Justice Department of questionable conduct that the Company uncovered and intends to continue to cooperate with the Justice Department in its investigation.

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A separate portion of the government's investigation relates to the adequacy of pricing disclosures made to the government in connection with negotiation of NCR's General Services Administration Federal Supply Schedule as it relates to Teradata, prior to the Company's Separation from NCR, and to whether certain subsequent price reductions were properly passed on to the government. Both NCR and the Company are participating in this aspect of the investigation, with respect to certain products and services of each, and each will assume financial responsibility for its own exposures, if any, without indemnification from the other. At this time, the Company is unable to determine the extent of its liability with respect to this aspect of the investigation.

The Company has an accrual of approximately \$2 million related to the current best estimate of potential liability relating to these matters. The Company believes the amounts provided in its financial statements are adequate in light of the probable and estimable liabilities. However, because such matters are subject to many uncertainties, the outcomes are not predictable and there can be no assurances that the actual amounts required to satisfy alleged liabilities from the matter described above and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in the Company's financial statements or will not have a material adverse effect on its results of operations, financial condition or cash flows. Any costs that may be incurred in excess of those amounts provided as of March 31, 2009, cannot currently be reasonably determined at this time.

Guarantees and Product Warranties. Guarantees associated with the Company's business activities are reviewed for appropriateness and impact to the Company's financial statements. Periodically, the Company's customers enter into various leasing arrangements coordinated with a leasing company. In some instances, the Company guarantees the leasing company a minimum value at the end of the lease term on the leased equipment. As of March 31, 2009, the maximum future payment obligation of this guaranteed value and the associated liability balance was \$4 million.

The Company provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors such as labor rates, average repair time, travel time, number of service calls and cost of replacement parts. For each consummated sale, the Company recognizes the total customer revenue and records the associated warranty liability using pre-established warranty percentages for that product class.

The following table identifies the activity relating to the warranty reserve for the three months ended March 31:

In millions	2009	2008
Warranty reserve liability		
Beginning balance at January 1	\$ 6	\$ 6
Provisions for warranties issued	2	3
Settlements (in cash or in kind)	(3)	(4)
Balance at March 31	\$ 5	\$ 5

The Company also offers extended and/or enhanced coverage to its customers in the form of maintenance contracts. The Company accounts for these contracts by deferring the related maintenance revenue over the extended and/or enhanced coverage period. Amounts associated with these maintenance contracts are not included in the table above.

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

Table of Contents**8. FAIR VALUE MEASUREMENTS**

In September 2006, the FASB issued SFAS 157 which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The Company adopted the provisions of SFAS 157 as of January 1, 2008, for financial assets and liabilities recorded at fair value on a recurring basis, and as of January 1, 2009 for non-financial assets and liabilities. Although the adoption of SFAS 157 did not materially impact its financial condition, results of operations, or cash flow, the Company is now required to provide additional disclosures as part of its financial statements.

SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, quoted prices in active markets for similar assets or liabilities, or quoted prices in less-active markets for identical assets; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company's assets and liabilities measured at fair value on a recurring basis include money market funds and foreign currency exchange contracts. A portion of the Company's excess cash reserves are held in money market funds which generate interest income based on the prevailing market rates. Money market funds are included in cash and cash equivalents in the Company's balance sheet. Money market fund holdings are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy. When deemed appropriate, the Company minimizes its exposure to changes in foreign currency exchange rates through the use of derivative financial instruments, specifically, forward foreign exchange contracts. The fair value of these contracts are measured at the end of each interim reporting period using observable inputs other than quoted prices. As such, these derivative instruments are classified within Level 2 of the valuation hierarchy. Fair value gains for open contracts are recognized as assets and fair value losses are recognized as liabilities. At March 31, 2009, the foreign exchange currency contracts in effect had no material net fair value gains or losses. Any gains or losses would be mitigated by corresponding gains on the underlying exposures. The Company's short-term investments consist of bank time deposits with original maturities between three months and one year. These assets are not measured at fair value on a recurring basis and as such are not included in the table below.

The Company's assets measured at fair value on a recurring basis subject to the disclosure requirements of SFAS 157 at March 31, 2009 were as follows:

In millions	March 31, 2009	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 414	\$ 414	\$	\$
Total Assets	\$ 414	\$ 414	\$	\$

Table of Contents**9. EARNINGS PER SHARE**

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

The components of basic and diluted earnings per share are as follows:

In millions, except per share amounts	Three Months Ended March 31,	
	2009	2008
Net income available for common stockholders	\$ 45	\$ 42
Weighted average outstanding shares of common stock	173.3	180.4
Dilutive effect of employee stock options and restricted stock	1.0	1.9
Common stock and common stock equivalents	174.3	182.3
Earnings per share:		
Basic	\$ 0.26	\$ 0.23
Diluted	\$ 0.26	\$ 0.23

Options to purchase 2.7 million shares of common stock for the first quarter of 2009 and 1.3 million shares for the first quarter of 2008 were not included in the computation of diluted earnings per share because their exercise prices were greater than the average market price of the common shares for the respective periods and, therefore, the effect would have been anti-dilutive.

10. SEGMENT AND OTHER SUPPLEMENTAL INFORMATION

Teradata manages its business in three geographic regions, which are also the Company's operating segments: (1) the North America and Latin America (Americas) region; (2) the Europe, Middle East and Africa (EMEA) region; and (3) the Asia Pacific and Japan (APJ) region. Management evaluates the performance of its segments based on revenue and segment margin, and does not include segment assets for management reporting purposes. Corporate-related costs are fully-allocated to the segments.

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

In millions	Three Months Ended March 31,	
	2009	2008
Revenue		
Americas	\$ 205	\$ 210
EMEA	97	103
APJ	65	62
Total revenue	367	375
Gross margin		
Americas	117	114
EMEA	53	52
APJ	30	28
Total gross margin	200	194

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Selling, general and administrative expenses	110	116
Research and development expenses	30	25
Total income from operations	\$ 60	\$ 53

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The following table presents revenue by product and services for the Company:

In millions	Three Months Ended	
	March 31,	
	2009	2008
Products (software and hardware) ⁽¹⁾	\$ 157	\$ 165
Professional and installation-related services	106	107
Total solution	263	272
Maintenance services	104	103
Total revenue	\$ 367	\$ 375

⁽¹⁾ Our data warehousing hardware and software products are often sold and delivered together in the form of a node of capacity as an integrated technology solution. Accordingly, it is impracticable to provide the breakdown of revenue from various types of hardware and software products.

11. SUBSEQUENT EVENTS

As of March 31, 2009, the Company had \$65 million of authorization remaining under its current general share repurchase program. On May 4, 2009, the Company's Board of Directors authorized an additional \$300 million increase to the Company's existing general share repurchase program and extended the program for an additional two-year period ending February 12, 2012. The Company's share repurchase activity depends on factors such as working capital needs, cash requirements for capital investments, the Company's stock price, and economic and market conditions.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

You should read the following discussion in conjunction with the condensed consolidated financial statements and the notes to those statements included elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements contained in the MD&A are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Quarterly Report on Form 10-Q.

First Quarter Financial Overview

As more fully discussed in later sections of this MD&A, the following were significant financial items for the first quarter of 2009:

Total revenue was \$367 million for the first quarter of 2009, down 2% from the first quarter of 2008. The total year-over-year revenue comparison included a 7% adverse impact from foreign currency fluctuations. Lower product revenue in the Americas region, largely due to the weak economy in the United States, was the primary driver in the reported year-over-year revenue decline.

Gross margin increased to 54.5% in the first quarter of 2009 from 51.7% in the first quarter of 2008. Gross margins improved primarily due to the services businesses, which experienced better utilization rates of internal resources, lower third-party costs, and lower travel expenses.

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Operating income was \$60 million in the first quarter of 2009, up from \$53 million in the first quarter of 2008. The increase in operating income was largely due to improved gross margins. Within operating expenses, \$6 million of lower selling, general and administrative (SG&A) expenses were largely offset by \$5 million higher research and development (R&D) expenses as compared to the first quarter of 2008.

Net income of \$45 million in the first quarter of 2009 increased from \$42 million in the first quarter of 2008.

Strategic Overview

Teradata is in a leadership position to help companies manage the continual increases in data volume and complexity and gain a competitive advantage. We have four key initiatives underway to broaden our position in the market and take advantage of this opportunity. These initiatives include continuing to:

Increase our market coverage through additional sales territories (hiring sales account executives as well as technology and industry consultants),

Invest to extend Teradata's core technology and expand our family of compatible data warehouse platforms to address multiple market segments,

Differentiate Teradata technology and driving platform demand by delivering services that enable customers to achieve best-in-class analytics, and

Invest in partners to increase the number of solutions available on Teradata platforms, to provide more market coverage and to maximize customer value.

Future Trends

We believe that demand for our solutions will continue to increase due to the continued increase in data volumes, the scale and complexity of business requirements, and the growing use of new data elements and more near real-time analytics over time. The adoption by customers of more near real-time analysis for enterprise intelligence is driving more applications, usage and capacity.

Recently, the United States and global economies have experienced a significant downturn driven by a financial and credit crisis that could continue to challenge such economies for some period of time, and may have a negative effect on our business. We continue to see a lengthening of the sales cycle for enterprise data warehousing solutions, particularly in the United States, as a result of closer scrutiny and tighter review processes for larger capital expenditures during 2009; however, we anticipate an opportunity for shorter sales cycles for our new purpose-built data warehouse appliance platforms. The size, timing and contracted terms of large customer orders for our products and services can impact, both positively and negatively, our long-term operating results. Variances in the operating results for an individual quarterly period can be significantly impacted by a few large sales transactions, particularly in the first quarter when revenue volume and the number of sales transactions have historically been lower than other quarterly periods. This dynamic is even more pronounced when viewing results for an individual operating region, or by sub-category (product, professional services or maintenance services). As a result, we believe that trends in operating results are more effectively analyzed on an annual basis. In addition to the uncertainty created by the economic environment, we expect approximately 5 percentage points of negative impact from currency translation on our reported 2009 revenue and a corresponding currency impact on operating income, based on currency rates as of April 28, 2009.

While macroeconomic challenges and fluctuations in the information technology environment do occur, our long-term outlook remains positive. We did not experience significant changes in the first quarter of 2009 due to competitive and/or technological pricing trends, although there is a risk that pricing pressure could occur in the future. We continue to be committed to new product development and achieving maximum yield from our research and development spending and resources, which are intended to drive revenue growth, as evidenced by the recent

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expansion of our purpose-built Teradata Platform Family. We also continue to evaluate opportunities to increase our market coverage and are committed to continuing to expand our sales territories, among other things, to drive future revenue growth. We added over 40 new sales territories in 2008 and remain on track to have added a total of 60 new sales territories by the end of 2009. Given the length of sales cycles in the data warehouse market, new sales account territories typically take a year or more, on average, to become productive. As we did in the first quarter, we plan to continue throughout 2009 to actively scrutinize our overall selling expense, including monitoring the pace of adding new sales territories as well as tightly managing our professional services costs structure in an effort to keep such cost in line with revenue trends.

Results of Operations for the Three Months Ended March 31, 2009**Compared to the Three Months Ended March 31, 2008**

In millions	2009	% of Revenue	2008	% of Revenue
Product revenue	\$ 157	42.8%	\$ 165	44.0%
Service revenue	210	57.2%	210	56.0%
Total revenue	367	100%	375	100%
Gross margin				
Product gross margin	103	65.6%	105	63.6%
Service gross margin	97	46.2%	89	42.4%
Total gross margin	200	54.5%	194	51.7%
Expenses				
Selling, general and administrative expenses	110	30.0%	116	30.9%
Research and development expenses	30	8.2%	25	6.7%
Total expenses	140	38.1%	141	37.6%
Operating income	\$ 60	16.3%	\$ 53	14.1%

Revenue

Teradata revenue decreased 2% in the first quarter of 2009 compared to the first quarter of 2008. The revenue decline included a net adverse effect of 7% from foreign currency fluctuations. Product revenue decreased 5% in the first quarter of 2009 from the prior year, principally in the Americas region. Service revenue in the first quarter of 2009 was unchanged from the prior year, with a 1% decrease in professional and installation-related services revenue offset by 1% increase in maintenance services revenue, as compared to the prior year.

Gross Margin

Gross margin for the first quarter of 2009 was 54.5% compared to 51.7% in the first quarter of 2008. Product gross margin increased to 65.6% in the first quarter of 2009, compared to 63.6% in the prior-year period. Product margins benefited from a smaller proportion of transactions involving technology refreshes of existing Teradata data warehouse environments (as these transactions typically contain a greater mix of hardware as compared to software content) as well as higher software margins internationally. Service gross margin improved to 46.2% in the first quarter of 2009 compared to 42.4% in the prior-year period. Services margins improved due to lower corporate costs, lower outside contractor costs, improved utilization of internal resources and lower travel expenses (which benefited in part from the cancellation of certain internal meetings and events which typically occur in the first quarter).

Table of Contents**Operating Expenses**

Total operating expenses, characterized as selling, general and administrative (SG&A) and research and development (R&D) expenses, were \$140 million in the first quarter of 2009 compared to \$141 million in the first quarter of 2008. The \$6 million decrease in SG&A expenses benefited from lower travel expenses, certain reductions in corporate expenses and the benefit of foreign currency translation, which more than offset the cost of the new sales territory expansions. R&D expenses increased by \$5 million in the first quarter of 2009, compared to the first quarter of 2008, resulting from \$5 million less in capitalization of software development cost.

Revenue and Gross Margin by Operating Segment

As described in Note 10 of Notes to Condensed Consolidated Financial Statements (Unaudited), Teradata manages its business in three geographic regions, which are also the Company's operating segments: (1) the Americas region; (2) the EMEA region; and (3) the APJ region. Teradata believes this format is useful to investors because it allows analysis and comparability of operating trends by operating segment. It also includes the same information that is used by Teradata management to make decisions regarding the segments and to assess our financial performance. The discussion of our segment results describes the changes in results as compared to the prior-year period.

The following table presents revenue and operating performance by segment for the three months ended March 31:

In millions	2009	% of Revenue	2008	% of Revenue
Revenue				
Americas	\$ 205	56%	\$ 210	56%
EMEA	97	26%	103	27%
APJ	65	18%	62	17%
Total revenue	367	100%	375	100%
Gross margin				
Americas	117	57.1%	114	54.3%
EMEA	53	54.6%	52	50.5%
APJ	30	46.2%	28	45.2%
Total gross margin	\$ 200	54.5%	\$ 194	51.7%

Americas: Revenue decreased 2% in the first quarter of 2009 from the first quarter of 2008, with a 12% decrease in product revenue offset somewhat by higher services revenue. The revenue decline included a 3% adverse effect from foreign currency fluctuations. Gross margin increased to 57.1% for the first quarter of 2009, from 54.3% in the first quarter of 2008, primarily driven by increases in both professional services and maintenance services margins as compared to the prior-year period.

EMEA: Revenue decreased 6% in the first quarter of 2009 from the first quarter of 2008, driven by roughly comparable decreases in product, professional services and maintenance services revenue. The revenue decline included 18% of adverse impact from foreign currency fluctuations. Gross margin increased to 54.6% for the first quarter of 2009, from 50.5% in the first quarter of 2008, driven by comparable increases in both product and services margins.

APJ: Revenue increased 5% in the first quarter of 2009 from the first quarter of 2008, led by an increase in product revenue. The revenue growth included 4% of negative impact from foreign currency fluctuations. Gross margin increased to 46.2% in the first quarter of 2009, from 45.2% in the first quarter of 2008. The increased gross margins were driven primarily by the increased proportion of product revenues as compared to services revenues, largely offset by lower product and services margin rates as compared to the prior-year period.

Table of Contents**Provision for Income Taxes**

The effective tax rate in the first quarter of 2009 and the first quarter of 2008 was 25.0%. The tax rate for the three months ended March 31, 2009 and March 31, 2008 is based on the pre-tax earnings mix by jurisdiction of Teradata and its subsidiaries under the Company's current structure after considering items specifically related to the interim periods. There were no significant discrete items for either the three months ended March 31, 2009 and March 31 2008.

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant infrequent or unusual items which are required to be discretely recognized within the current interim period. The Company's intention is to permanently reinvest its foreign earnings outside of the United States. As a result, the effective tax rates in the periods presented are largely based upon the forecasted pre-tax earnings mix and allocation of certain expenses in various taxing jurisdictions where the Company conducts its business that apply a broad range of statutory income tax rates. See Note 4 of Notes to Condensed Consolidated Financial Statements (Unaudited) for additional information on the income tax provision.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities increased by \$22 million in the first quarter of 2009. The increase in cash provided by operating activities was aided by smaller decreases in current payables and accrued expenses, greater increases in deferred revenue, and higher net income in the three months ended March 31, 2009, as compared to the three months ended March 31, 2008. These improvements were partially offset by an increase in inventory and lower collections on receivables as compared to the first three months of 2008.

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

The table below shows net cash provided by operating activities and capital expenditures for the following periods:

In millions	Three Months Ended	
	March 31,	
	2009	2008
Net cash provided by operating activities	\$ 165	\$ 143
Less:		
Expenditures for property and equipment	(9)	(4)
Additions to capitalized software	(11)	(16)
Free cash flow	\$ 145	\$ 123

Financing activities and certain other investing activities are not included in our calculation of free cash flow. These other investing activities in the first quarter of 2009 primarily consisted of \$25 million in purchases of short-term investments and \$4 million in proceeds collected from a prior-period sale of property. Teradata's short-term investments consist of bank time deposits with original maturities between three months and one year. Other

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investing activities in the first quarter of 2008 primarily consisted of an immaterial acquisition consummated during the period. Teradata's financing activities for the three months ended March 31, 2009 consisted primarily of cash outflows from our share repurchase activities. During the first quarter of 2009, the Company purchased 1.3 million shares of its common stock at an average price per share of \$15.27 under share repurchase programs authorized by our Board of Directors in 2008. The first program (the "dilution offset program") authorizes the Company to purchase Teradata common stock to the extent of cash received from the exercise of stock options and the Teradata Employee Stock Purchase Plan. The second program (the "general share repurchase program") authorizes the Company to repurchase an additional \$250 million of the Company's outstanding shares of common stock. As of March 31, 2009, the Company had \$65 million of authorization remaining under its \$250 million general share repurchase program to repurchase outstanding shares of Teradata common stock. On May 4, 2009, subsequent to the close of the Company's fiscal 2009 first quarter, the Company's Board of Directors authorized an additional \$300 million increase to the Company's existing open market share repurchase program and extended the program for a two-year period ending in February 2012. Our share repurchase activity depends on factors such as our working capital needs, our cash requirements for capital investments, our stock price, and economic and market conditions. Proceeds from the Employee Stock Purchase Plan and the exercise of stock options were \$3 million for the three months ended March 31, 2009. These proceeds are included in Other financing activities, net in the Condensed Consolidated Statement of Cash Flows (Unaudited).

Teradata had no short- or long-term debt outstanding as of March 31, 2009, and was in compliance with all covenants of the revolving credit facility. Management believes current cash and short-term investment resources, Company cash flows from operations and its \$300 million credit facility will be sufficient to satisfy future working capital, research and development activities, capital expenditures, pension contributions, and other financing requirements for the foreseeable future. The Company principally holds its cash, cash equivalents and short-term investments in bank deposits, money market funds and government treasuries.

The Company's ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described in the Company's 2008 Annual Report on Form 10-K (the "2008 Annual Report"), and elsewhere in this Quarterly Report. If the Company is unable to generate sufficient cash flows from operations, or otherwise to comply with the terms of the credit facilities, the Company may be required to seek additional financing alternatives.

Contractual and Other Commercial Commitments. There has been no significant change in our contractual and other commercial commitments as described in the 2008 Annual Report. Our guarantees and product warranties are discussed in Note 7 of Notes to Condensed Consolidated Financial Statements (Unaudited).

Critical Accounting Policies and Estimates

There were no material changes to the Company's critical accounting policies and estimates previously disclosed in the 2008 Annual Report.

Our financial statements are prepared in accordance with GAAP. In connection with the preparation of these financial statements, we are required to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosure of contingent liabilities. These assumptions, estimates and judgments are based on historical experience and assumptions that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. Our critical accounting policies are those that require assumptions to be made about matters that are highly uncertain. Different estimates could have a material impact on our financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions or circumstances. Our management periodically reviews these estimates and assumptions to ensure that our financial statements are presented fairly and are materially correct.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require significant management judgment in its application. There are also areas in which management's judgment

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in selecting among available alternatives would not produce a materially different result. The significant accounting policies and estimates that we believe are the most critical to aid in fully understanding and evaluating our reported financial results are discussed in the 2008 Annual Report. Teradata's senior management has reviewed these critical accounting policies and related disclosures and determined there were no significant changes in our critical accounting policies in the three months ended March 31, 2009. Also, there were no significant changes in our estimates associated with those policies.

New Accounting Pronouncements

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have not been any material changes to the market risk factors previously disclosed in Part II, Item 7A of the Company's 2008 Annual Report on Form 10-K.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to provide reasonable assurance as of March 31, 2009.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. LEGAL PROCEEDINGS

The information required by this item is included in the material under Note 7 of Notes to Condensed Consolidated Financial Statements (Unaudited) of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 1A. RISK FACTORS

There have not been any material changes to the risk factors previously disclosed in Part I, Item IA of the Company's 2008 Annual Report on Form 10-K.

Table of Contents**Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Purchase of Company Common Stock**

During the first quarter of 2009, the Company purchased approximately 1.3 million shares of its common stock at an average price per share of \$15.27 under the two share repurchase programs authorized by our Board of Directors in 2008. The first program (the "dilution offset program") authorizes the Company to purchase Teradata common stock to the extent of cash received from the exercise of stock options and the Teradata Employee Stock Purchase Plan. The second program (the "general share repurchase program") authorizes the Company to repurchase an additional \$250 million of the Company's outstanding shares of common stock. As of March 31, 2009, the Company had \$65 million of authorization remaining on the initial general share repurchase program to repurchase outstanding shares of Teradata common stock. On May 4, 2009, subsequent to the close of the Company's fiscal 2009 first quarter, the Company's Board of Directors authorized an additional \$300 million increase to the Company's existing general share repurchase program.

In addition to those share purchases, Section 16 officers occasionally sell vested shares of restricted stock to the Company at the current market price to cover their withholding taxes. For the three months ended March 31, 2009, the total of these purchases was 7,912 shares at an average price of \$15.33 per share.

The following table provides information relating to the Company's repurchase of common stock for the three months ended March 31, 2009:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Dilution Offset Program	Total Number of Shares Purchased as Part of Publicly Announced General Share Repurchase Program	Maximum Dollar Value that May Yet Be Purchased Under the Dilution Offset Program	Maximum Dollar Value that May Yet Be Purchased Under the General Share Repurchase Program
January 2009		N/A			\$ 3,234,218	\$ 81,745,283
February 2009	765,000	\$ 14.76	170,000	595,000	\$ 1,692,463	\$ 72,930,953
March 2009	567,500	\$ 15.96	97,500	470,000	\$ 1,650,074	\$ 65,333,208
First Quarter Total	1,332,500	\$ 15.27	267,500	1,065,000	\$ 1,650,074	\$ 65,333,208

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the first quarter of 2009. Teradata's Annual Meeting of Stockholders was held on April 28, 2009. At the Annual Meeting, stockholders voted on four matters: a proposal to elect Peter L. Fiore, Michael F. Koehler and James M. Ringler as Class II directors, a proposal to approve the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2009, a proposal to approve the Teradata Corporation 2007 Stock Incentive Plan, and a proposal to approve the Teradata Corporation Management Incentive Plan. The number of shares voted with respect to each matter required to be reported herein are as follows:

1. Election of Class II Directors:

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Peter L. Fiore

For: 141,254,279

Against: 1,971,308

Abstain: 291,983

Michael F. Koehler

For: 141,920,108

Against: 1,330,136

Abstain: 267,326

James M. Ringler

For: 136,498,140

Against: 6,753,638

Abstain: 265,792

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10.4*	Amendment to the Offer Letter from Teradata Corporation to Bruce Langos effective December 31, 2008 (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K dated February 9, 2009).
31.1	Certification pursuant to Rule 13a-14(a), dated May 8, 2009.
31.2	Certification pursuant to Rule 13a-14(a), dated May 8, 2009.
32	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated May 8, 2009.

* Management compensatory plan or arrangement.

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SIGNATURES

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

TERADATA CORPORATION

Date: May 8, 2009

By: /s/ Stephen M. Scheppmann
Stephen M. Scheppmann
Executive Vice President and Chief Financial Officer

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