



Because Technology Never Stops

TERADYNE FINANCIAL RESULTS FOR Q2-2015

July 30, 2015

SAFE HARBOR

This presentation contains forward-looking statements regarding future business prospects, Teradyne's results of operations, market conditions, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program and a senior secured credit facility. Such statements are based on the current assumptions and expectations of Teradyne's management and are neither promises nor guarantees of future performance, future events, future payment of dividends, future repurchases of common stock or future availability of, or borrowing under, a credit facility. There can be no assurance that management's estimates of Teradyne's future results or other forward looking statements will be achieved. Additionally, the current dividend and share repurchase programs may be modified, suspended or discontinued at any time. Important factors that could cause actual results, dividend payments, repurchases of common stock or borrowings under the credit facility to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand; market acceptance of new products; the ability to grow Universal Robots' business; increased research and development spending; deterioration of Teradyne's financial condition; the business judgment of the board of directors that a declaration of a dividend, the repurchase of common stock or debt under the credit facility is not in the Company's best interest; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the "Risk Factors" section of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and the Quarterly Report on Form 10-Q for the fiscal quarter ended April 5, 2015. The forward-looking statements provided by Teradyne in this presentation represent management's views as of the date of this presentation. Teradyne anticipates that subsequent events and developments may cause management's views to change. However, while Teradyne may elect to update these forward-looking statements at some point in the future, Teradyne specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Teradyne's views as of any date subsequent to the date of this presentation.

BUSINESS UPDATE AND OUTLOOK

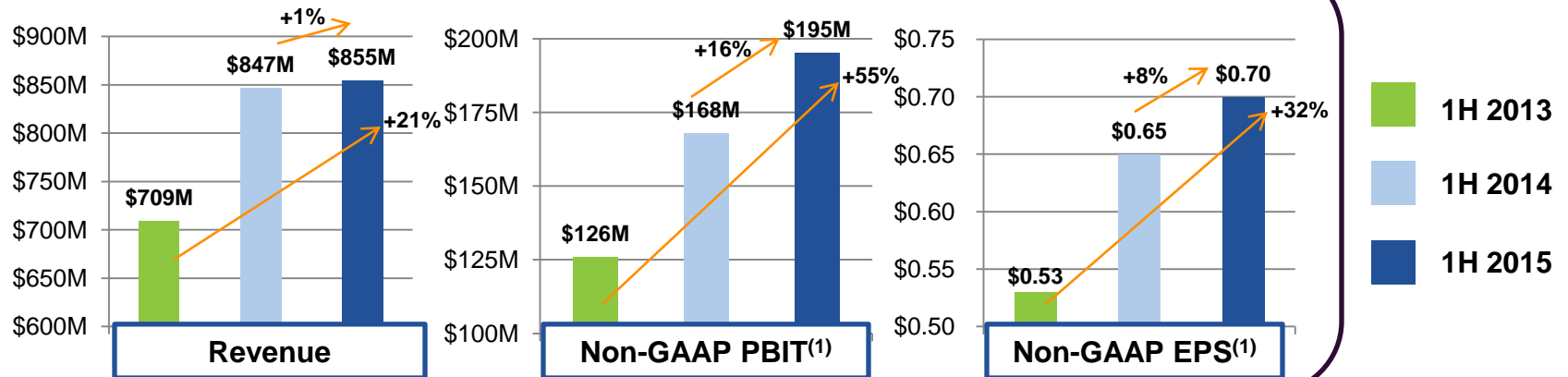


Mark Jagiela, Teradyne President and CEO



1ST HALF FINANCIAL HIGHLIGHTS

First Half Year-over-Year Revenue, Profit and EPS Growth



1st Half Highlights

- Strong start to 'down cycle' year in 2015
- Repurchased \$156M of the \$500M authorized buy back through July 29th and paid \$26M in dividends year-to-date
- 2015 SOC Test market forecast to be \$2.0B - \$2.25B, down from \$2.35B in 2014
- Teradyne expects to outperform the SOC market due to alignment with strongest device segments

1ST HALF SEGMENT HIGHLIGHTS

- Semiconductor Test Stronger Than Expected
 - Highest 2 quarter Eagle Test stretch of orders since 2010 driven by Automotive
 - Highest first half Memory Test orders in history at \$90M driven by Flash and DRAM strength
- Wireless Test Orders in 2nd Quarter Highest in 2 Years
 - Expect full year market size at low end of \$450M - \$600M range
- System Test Orders up 67% Year-over-Year in 1st Half on Improving Storage Test Demand

UNIVERSAL ROBOTS IS A SIGNIFICANT GROWTH DRIVER

Universal Robots is an Attractive Addition to Teradyne



**Emerging, High Growth Automation Market;
Est. \$100M Market in 2015
Growing to \$1B-\$3B by 2020**

#1

UR is the Market Leader and Innovator with 5,000 Cobots Installed



Profitable for Several Years



Teradyne Can Accelerate UR Opportunities in Electronics Manufacturing

Universal Robots' Products Are Highly Differentiated



Easy Programming



Fast Set-Up



Collaborative and Safe



Flexible Deployment



Approximately 6 Month Average Payback Time

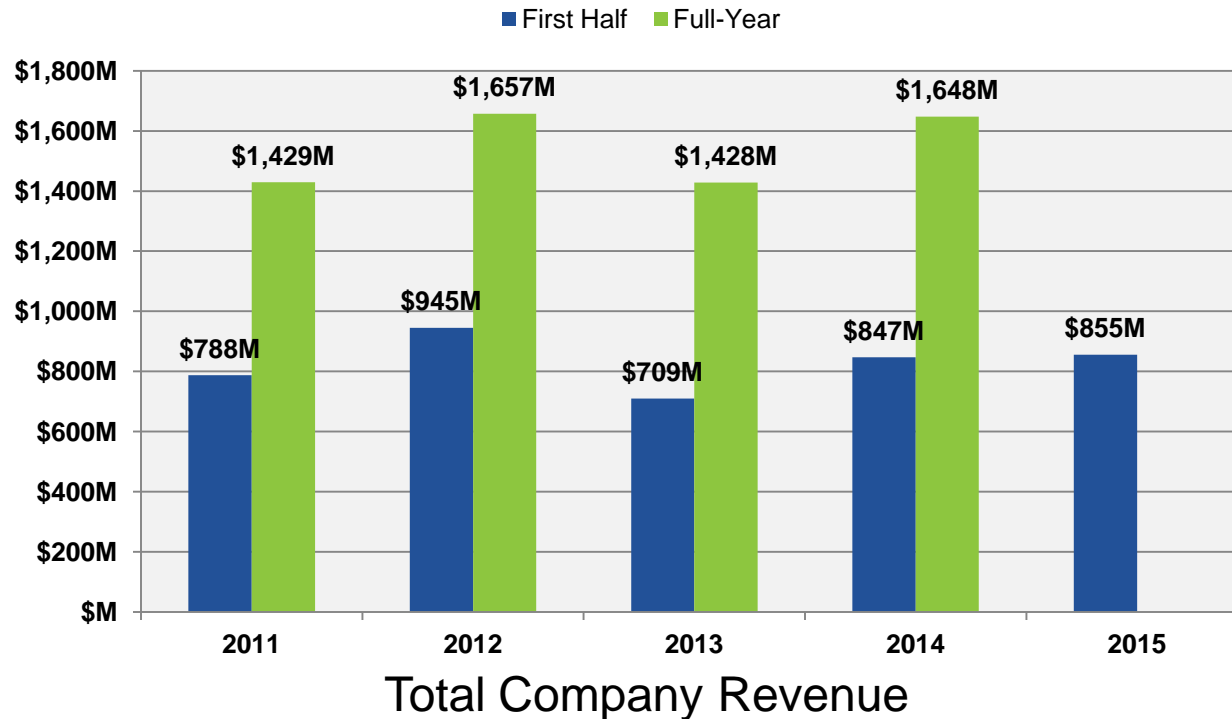
SECOND QUARTER FINANCIAL RESULTS AND THIRD QUARTER GUIDANCE



Greg Beecher, Teradyne Vice President and Chief Financial Officer



STRONG SALES IN FIRST HALF OF 2015



1H 2015 Results Driven By:

- Purchase in 2015 of systems leased in 2014
- Slowing productivity growth and increased device complexity in the SOC Test market
- Analog and Image Sensor Test strong with high Teradyne share

15% OPERATING MODEL

Updated Quarterly Model Reflecting UR Acquisition in Q2'15

	Prior Model ⁽¹⁾	Updated Model
Revenue	\$375M	\$390M
Gross Margin	52%	53%
OPEX	<u>37%</u>	<u>38%</u>
Operating Profit	15%	15%

~50% Drop-Through

	<u>4 Qtr</u>	<u>8 Qtr</u>	<u>12 Qtr</u>
Avg PBIT % ⁽²⁾	21%	20%	20%

Foreign Exchange Movements Not Expected to Have a Material Impact to Teradyne EPS

Effect of Foreign Exchange Movements on Universal Robots Business Model			
		Sensitivity	
		<u>20% Appreciation</u>	<u>20% Depreciation</u>
	<u>6.7 DKK/USD</u>		
Annual Revenue	\$60	\$67	\$53
EPS Impact		-\$0.01	\$0.01
	<u>\$120</u>		
Annual Revenue		\$134	\$106
EPS Impact		-\$0.01	\$0.01

(1) Prior model was communicated during Q3'12 earnings call

(2) See appendix for GAAP to Non-GAAP reconciliation; Q3'14-Q2'15, Q3'13-Q2'15 and Q3'12-Q2'15 presented

CAPITAL RETURN SUMMARY

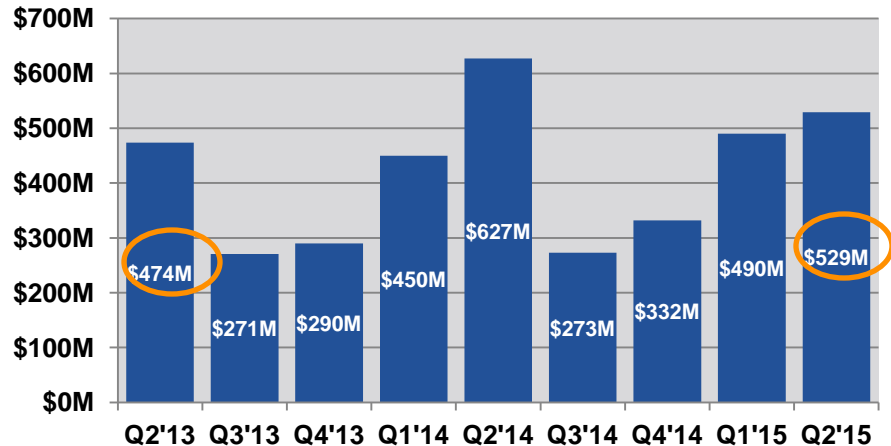
Repurchased 7.9M shares for \$156M through July 29, 2015

	Cash Position		
	<u>U.S.</u>	<u>Offshore</u>	<u>Total</u>
Cash Balance at 7/5/2015	\$575M	\$454M	\$1,029M
Minimum Operating Balance	\$400M	\$100M	\$500M
Available Cash	\$175M	\$354M	\$529M
Minimum 2015 Cash Return:	\$352M		
Cash Returned Q2'15	\$95M		
Cash Returned YTD (Through July 29)	\$182M		

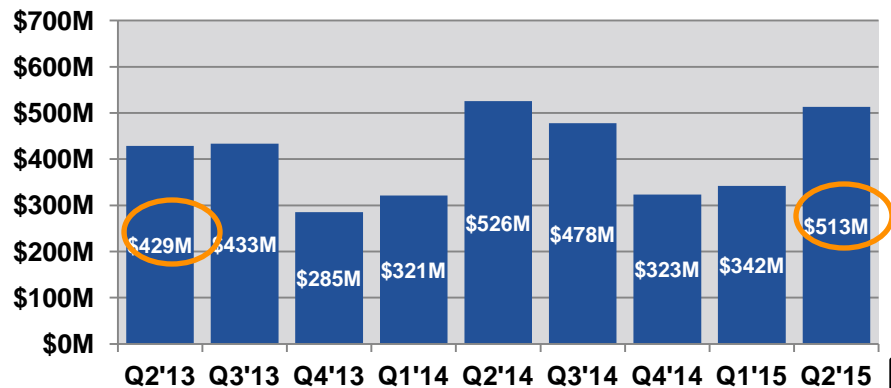
U.S. vs. Foreign Free Cash Flow				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	
U.S. FCF	\$171M	\$181M	\$40M	
Foreign FCF	\$113M	(\$19M)	\$283M	
Total FCF	\$284M	\$162M	\$323M	
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>'12-'14 Weighted Average</u>
U.S. % of FCF	60%	112%	12%	51%
Foreign % of FCF	40%	-12%	88%	49%

Q2'15 FINANCIAL HIGHLIGHTS

Total Company Orders

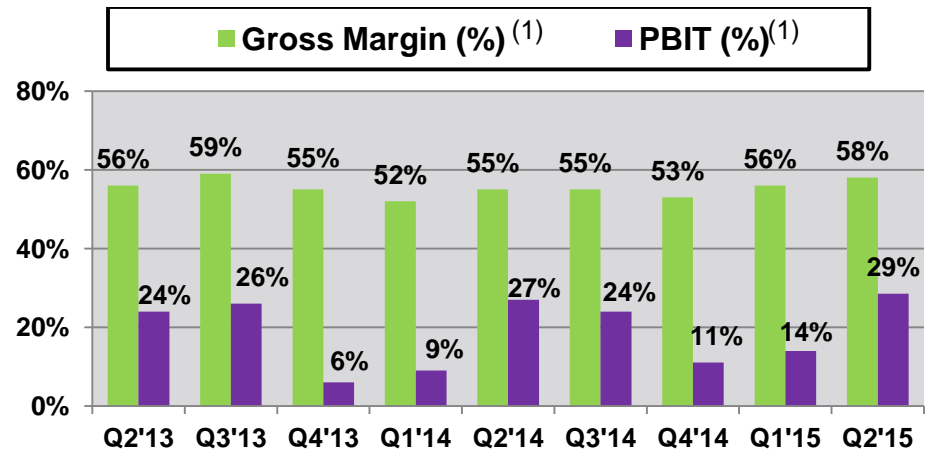


Total Company Sales



Q2 Highlights

- Orders seasonally up 8% Q/Q and down 16% Y/Y
- Sales seasonally up 50% Q/Q and down 2% Y/Y
- Q2 Sales and Orders up 20% and 12% respectively from previous "off" year, 2013
- Non-GAAP EPS of \$0.53 exceeded high guidance⁽¹⁾
- Backlog of \$563M, with 85% shippable within 6 months
- 24th consecutive quarter of positive Non-GAAP PBIT



EPS ⁽¹⁾	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
	\$0.43	\$0.46	\$0.07	\$0.11	\$0.54	\$0.44	\$0.14	\$0.17	\$0.53

Q3'15 NON-GAAP GUIDANCE

\$s in millions, except EPS		Q2'15 Actual ⁽¹⁾	Q3'15 Guidance ⁽¹⁾
Sales		\$513M	\$450M - \$480M
Gross Margin	58%	\$299M	56%
OPEX	30%	<u>\$153M</u>	<u>33% - 35%</u>
Operating Profit	29%	\$146M	21% - 23%
Net Interest & Other Income		\$1M	\$1M
Effective Tax Rate	22%	\$33M	23%
EPS		\$0.53	\$0.35 - \$0.41
Diluted Shares		216M	212M
Free Cash Flow ⁽²⁾		\$131M	\$99M

(1) See attached appendix for GAAP to non-GAAP reconciliations.

(2) Teradyne calculates free cash flow as: Cash flow from operations, excluding discontinued operations, less capital additions; see GAAP to non –GAAP reconciliations.

Q2'15 SUMMARY

- 24th Consecutive Quarter of Non-GAAP Operating Profits
- 1H'15 EPS of \$0.70, up from \$0.65 in 1H'14
- Expect Q3 Revenue of \$450 to \$480 Million, Non-GAAP EPS of \$0.35 - \$0.41
- Expect Balance of Accretive M&A and Capital Returns Going Forward
- 7.9M Shares Repurchased Through July 29th at Average Price of \$19.62

SUPPLEMENTAL INFORMATION

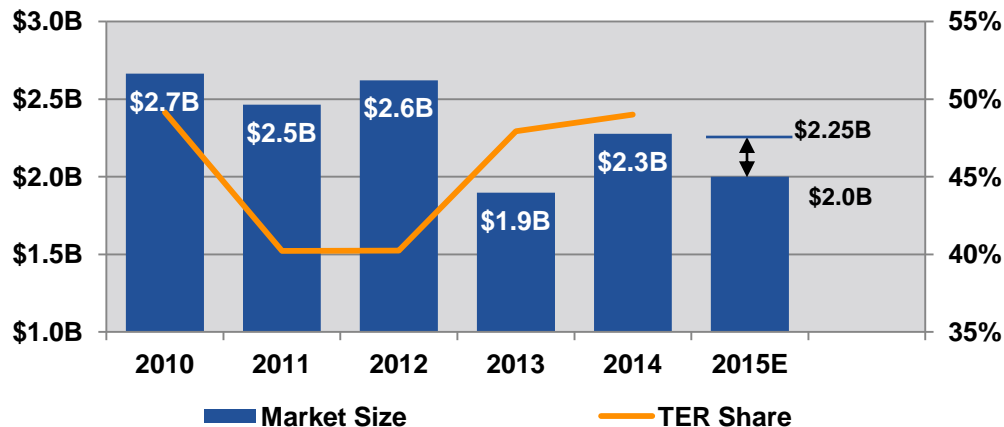


Q2'15 NON-GAAP RESULTS

\$s in millions, except EPS		Q2'14 Actual ⁽¹⁾		Q1'15 Actual ⁽¹⁾		Q2'15 Actual ⁽¹⁾
Sales		\$526M		\$342M		\$513M
Gross Margin	55.3%	\$290M	56.2%	\$192M	58.4%	\$299M
R&D	14.0%	\$73M	20.9%	\$71M	14.8%	\$76M
SG&A	14.7%	\$77M	21.0%	\$72M	15.0%	\$77M
OPEX ⁽¹⁾	<u>28.7%</u>	<u>\$151M</u>	<u>41.9%</u>	<u>\$143M</u>	<u>29.9%</u>	<u>\$153M</u>
Operating Profit	26.6%	\$140M	14.3%	\$49M	28.5%	\$146M
Income Taxes (& effective tax rate)	17%	\$24M	27%	\$14M	22%	\$33M
EPS ⁽¹⁾		\$0.54		\$0.17		\$0.53
Diluted Shares		217M		219M		216M
Net Bookings		\$627M		\$490M		\$529M

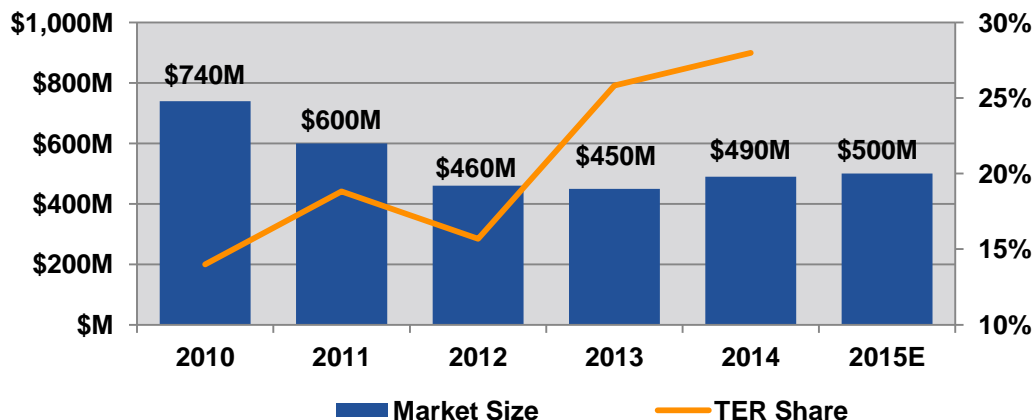
SEMI TEST MARKET AND HIGHLIGHTS

SOC TAM



- Teradyne aligned to strongest device segments; Applications Processor, Image Sensor, Analog
- On track to consolidate and hold share gains in 2015

Memory TAM

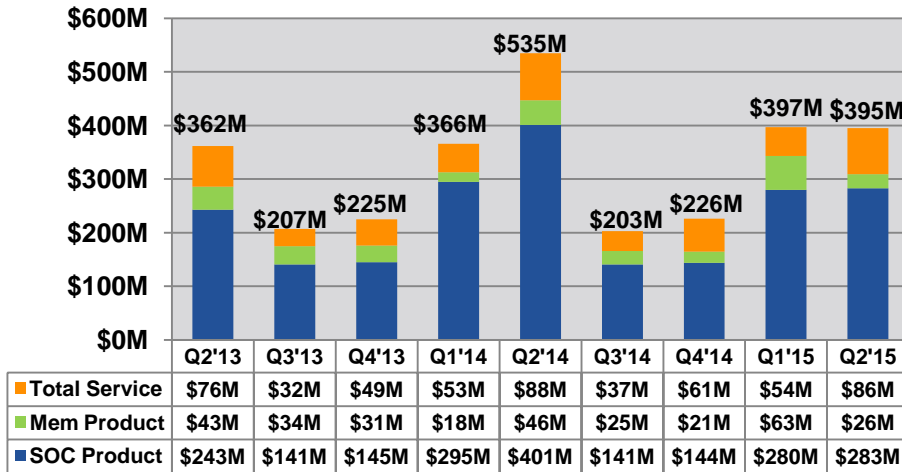


- Magnum V performance and flexibility driving share gains
- Highest 1H orders in history

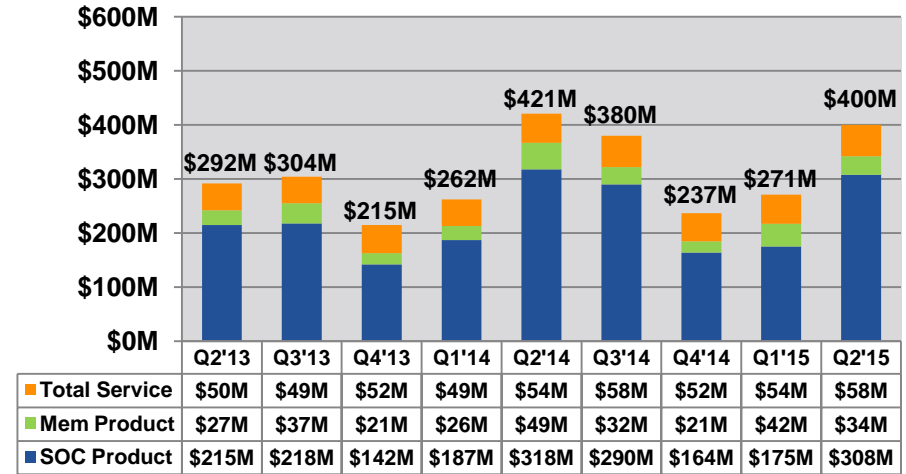
Source: WWSEMS, May 2015 (Worldwide Semiconductor Equipment Market Statistics) – Product only; augmented to include service; VLSI Research Inc. 2015E figure stems from internal and multiple third party forecasts augmented internally for service where applicable

SEMI TEST HIGHLIGHTS

Semi Test Orders



Semi Test Sales

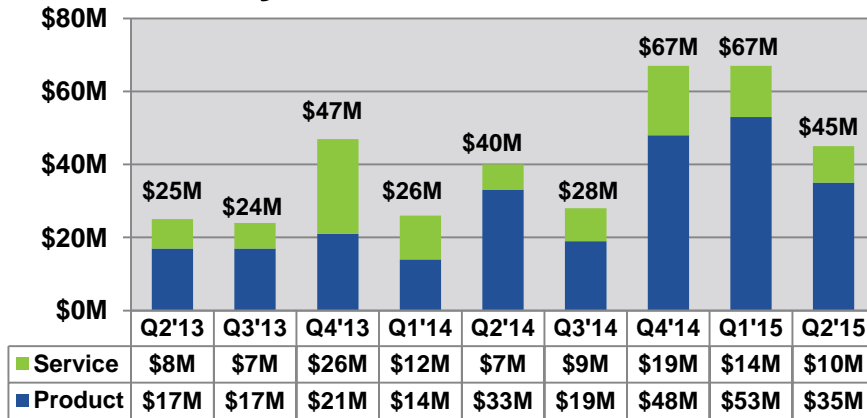


Q2 Highlights

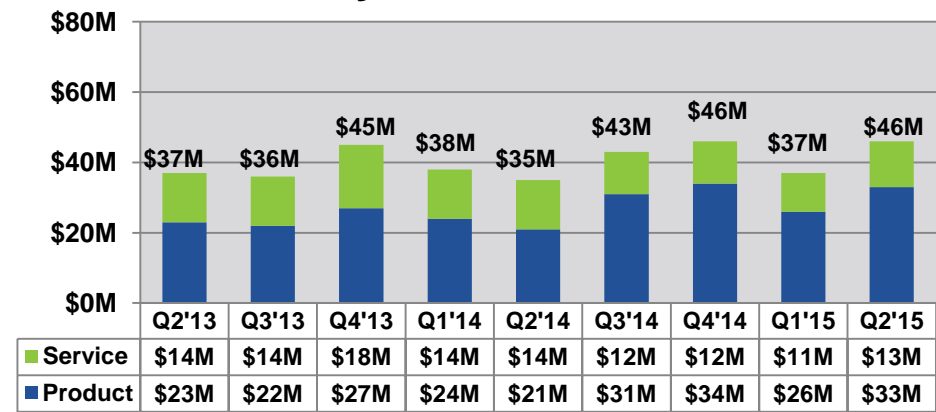
- Second highest Magnum 5 orders in history
- Highest UltraFLEX orders since Q2'14 driven by strong Applications Processor demand
- Highest 1H Eagle Test orders since 2010 driven by Analog Test demand; Automotive a key driver

SYSTEM TEST HIGHLIGHTS

System Test Orders



System Test Sales



Q2 Highlights

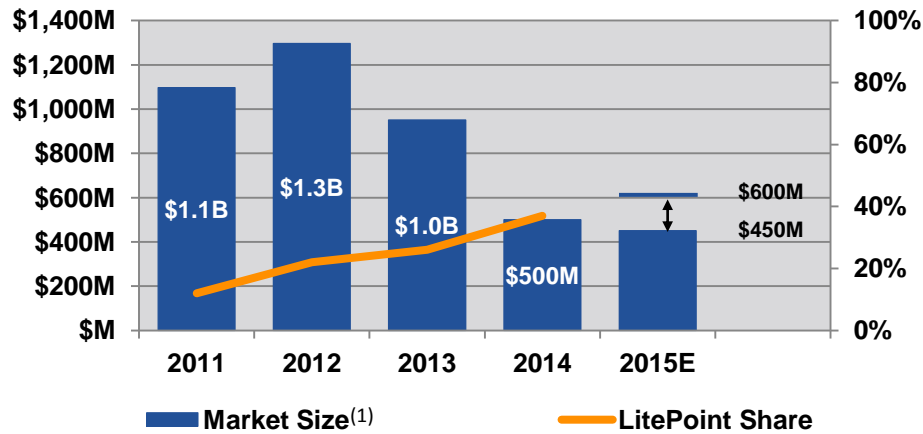
- Strongest 1st half Storage Test orders since 2011, with strength in Enterprise and SSD
- Multiple automated in-line TestStation wins in Production Board Test
- Defense/Aerospace wins in new Navy Programs

WIRELESS TEST HIGHLIGHTS

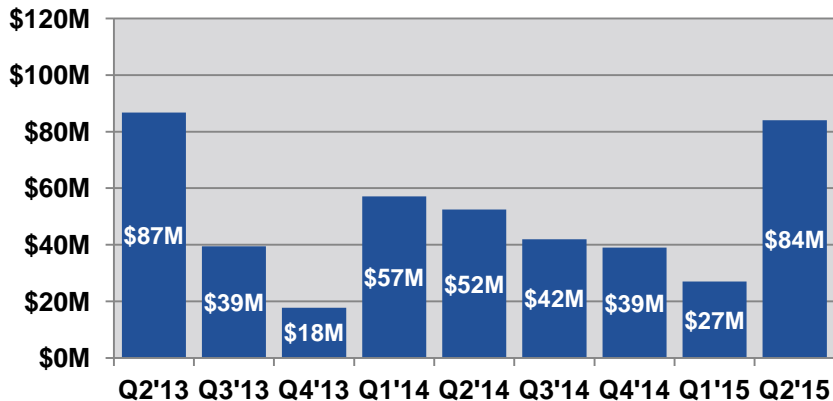
Q2 Highlights

- Highest Q2 orders since 2013 on Connectivity and improving Cellular demand
- 2015 Wireless Test market expected at the low end of 2015 range

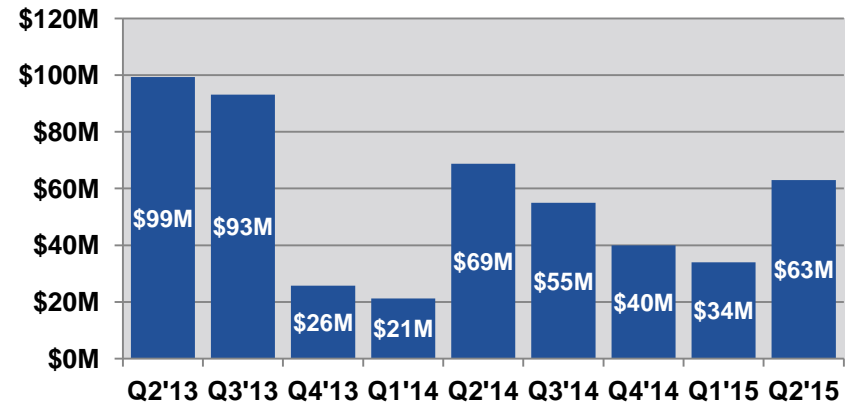
Wireless Test Market



Wireless Test Orders



Wireless Test Sales



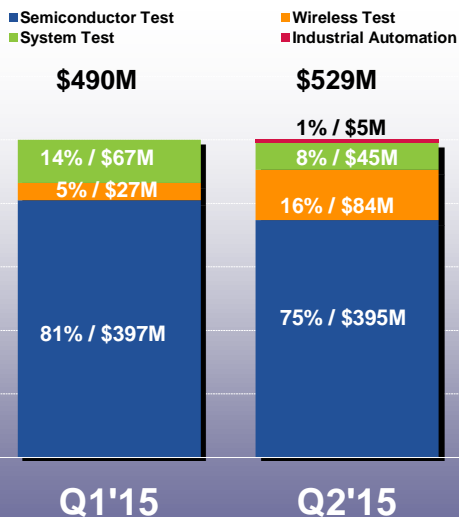
CASH & BALANCE SHEET

	Q2'14 Actual	Q1'15 Actual	Q2'15 Actual
Cash and Marketable Securities	<u>\$1,107M</u>	<u>\$1,271M</u>	<u>\$1,029M</u>
•U.S.	\$677M	\$621M	\$575M
•Off-Shore	\$430M	\$650M	\$454M
Inventory	\$127M	\$121M	\$122M
DSO	52 days	49 days	53 days
Capital Additions	\$60M	\$21M	\$25M
Depreciation, Amortization, SBC	\$46M	\$42M	\$41M
Free Cash Flow ⁽¹⁾	\$149M	\$16M	\$131M

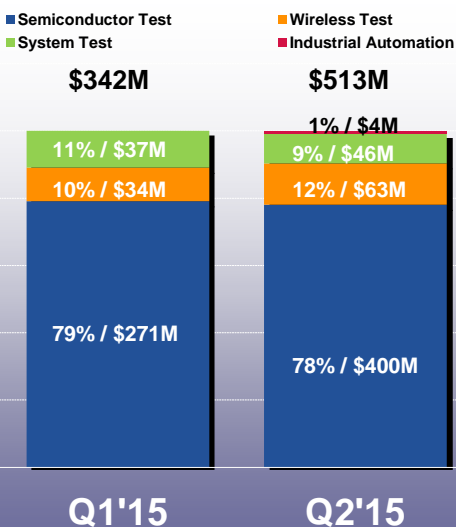
(1) Teradyne calculates free cash flow as: Cash flow from operations, excluding discontinued operations, less capital additions; see GAAP to non-GAAP reconciliations.

SALES & ORDERS DETAIL

Orders



Sales



Book to Bill

	Q1'15	Q2'15
Semiconductor Test	1.5	1.0
Wireless Test	0.8	1.3
System Test	1.8	1.0
Total	1.4	1.0

Product vs. Service

	Q1'15	Q2'15
Sales		
Product	\$272M (80%)	\$437M (85%)
Service	\$70M (20%)	\$75M (15%)
Total	\$342M	\$513M
Orders		
Product	\$421M (86%)	\$432M (82%)
Service	\$69M (14%)	\$97M (18%)
Total	\$490M	\$529M

Orders/Region

	Q1'15	Q2'15
Asia	71%	81%
US	9%	12%
Europe	7%	4%
Japan	12%	2%
Rest of World	1%	1%
Total	100%	100%

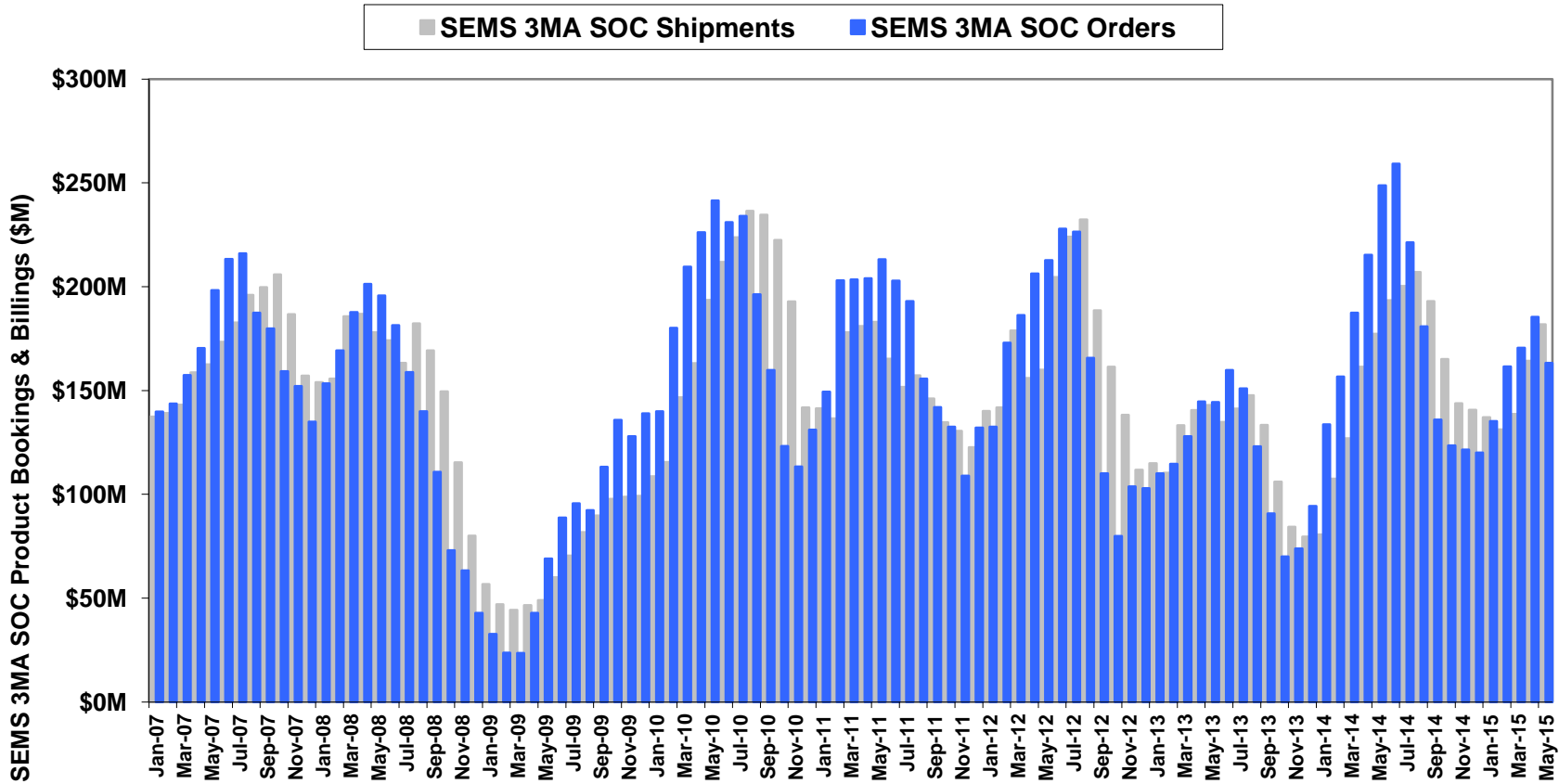
Sales/Region

	Q1'15	Q2'15
Asia	72%	74%
US	14%	11%
Europe	6%	6%
Japan	7%	8%
Rest of World	1%	1%
Total	100%	100%

Backlog ending Q2'15: \$563M

Shippable within 6 months: ~85%

SOC TEST 3 MONTH MOVING AVERAGE BOOK/BILL

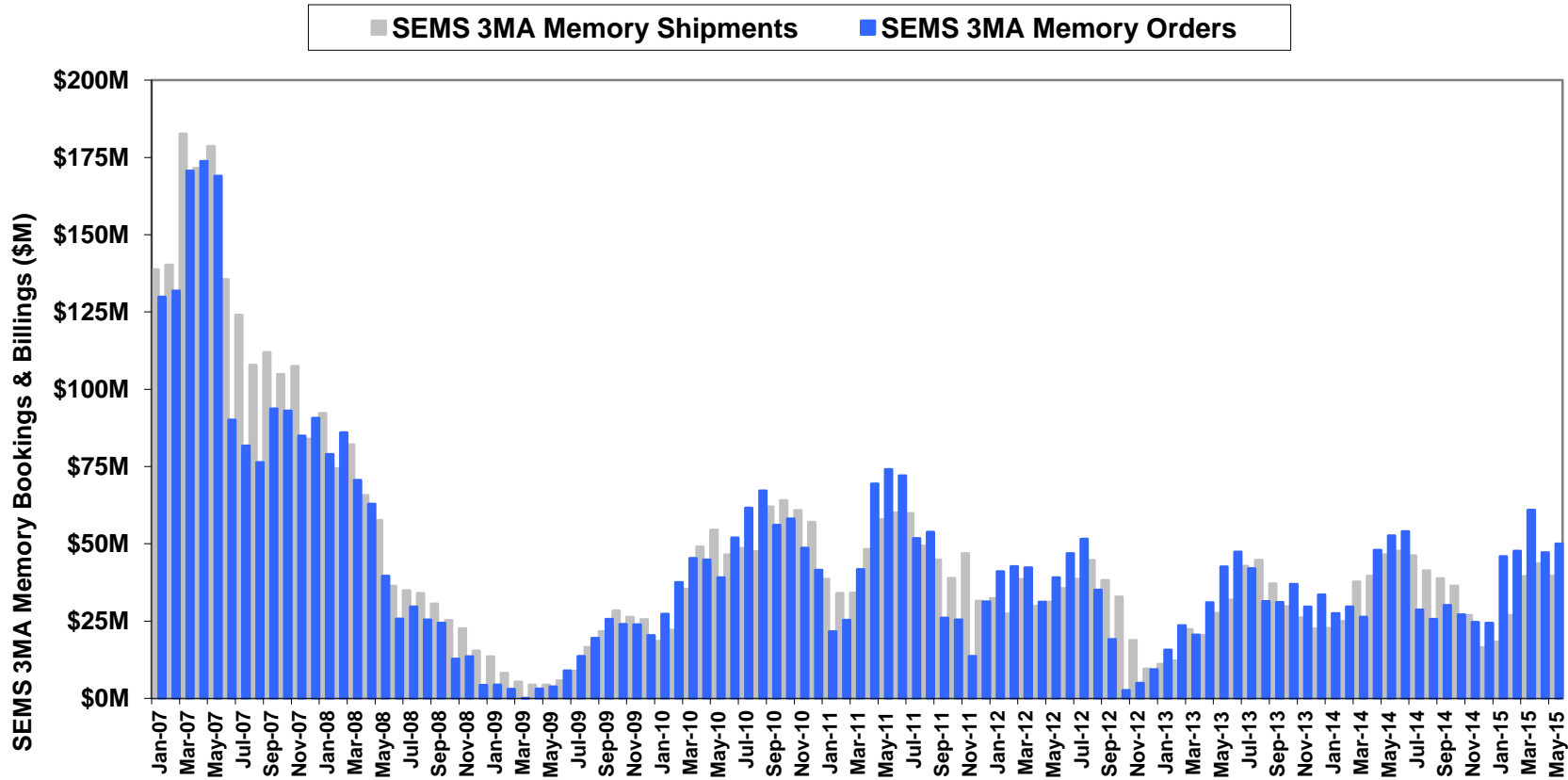


SoC Test Market Size
SoC Test Buy Rate

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015E</u>
SoC Test Market Size	\$2.7B	\$2.5B	\$2.6B	\$1.9B	\$2.3B	\$2.0-\$2.25B
SoC Test Buy Rate	1.4%	1.3%	1.3%	0.9%	1.1%	1.0%

Source: WWSEMS, May 2015 (Worldwide Semiconductor Equipment Market Statistics) – Product only; augmented to include service; VLSI Research Inc.

MEMORY TEST 3 MONTH MOVING AVERAGE BOOK/BILL



Memory Test Market Size
Memory Test Buy Rate

Year	2010	2011	2012	2013	2014	2015E
Memory Test Market Size	\$0.7B	\$0.6B	\$0.5B	\$0.4B	\$0.5B	\$0.5B
Memory Test Buy Rate	1.1%	1.0%	0.8%	0.7%	0.6%	0.6%

Source: WWSEMS, May 2015 (Worldwide Semiconductor Equipment Market Statistics) – Product only; augmented to include service; VLSI Research Inc.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses in this presentation and on the earnings call non-GAAP results of operations that exclude certain income items and charges. These results are provided as a complement to results provided in accordance with GAAP. These non-GAAP measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with the Company's business plan, historical operating results and the operating results of the Company's competitors. Management believes each of these non-GAAP measures provides useful supplemental information for investors, allowing greater transparency to the information used by management in its operational decision making and in the review of the Company's financial and operational performance, as well as facilitating meaningful comparisons of the Company's results in the current period compared with those in prior and future periods. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this presentation is contained in the following slides and on the Teradyne website at www.teradyne.com by clicking on "Investors" and then selecting the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP financial measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	July 5, 2015		April 5, 2015		June 29, 2014	
	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues
Net revenues	\$ 512.7		\$ 342.4		\$ 525.6	
Gross profit - GAAP	\$ 298.6	58.2%	\$ 192.4	56.2%	\$ 290.4	55.3%
Inventory Step-Up	0.6	0.1%	-	-	-	-
Gross profit - non-GAAP	\$ 299.2	58.4%	\$ 192.4	56.2%	\$ 290.4	55.3%
Income from operations - GAAP	\$ 130.8	25.5%	\$ 35.1	10.3%	\$ 120.7	23.0%
Acquired intangible asset amortization	15.3	3.0%	13.8	4.0%	18.3	3.5%
Restructuring and other ⁽¹⁾	(0.4)	-0.1%	-	-	0.6	0.1%
Inventory step-up	0.6	0.1%	-	-	-	-
Income from operations - non-GAAP	\$ 146.3	28.5%	\$ 48.9	14.3%	\$ 139.6	26.6%

	July 5, 2015		April 5, 2015		June 29, 2014	
	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues
Net income - GAAP	\$ 102.9	20.1%	\$ 32.8	9.6%	\$ 101.2	19.3%
Acquired intangible asset amortization	15.3	3.0%	13.8	4.0%	18.3	3.5%
Interest and other ⁽²⁾	(0.6)	-0.1%	(4.8)	-1.4%	-	-
Restructuring and other ⁽¹⁾	(0.4)	-0.1%	-	-	0.6	0.1%
Inventory step-up	0.6	0.1%	-	-	-	-
Exclude discrete tax adjustments ⁽³⁾	0.2	0.0%	(1.8)	-0.5%	(0.5)	-0.1%
Tax effect of non-GAAP adjustments	(3.4)	-0.7%	(2.4)	-0.7%	(3.2)	-0.6%
Net income - non-GAAP	\$ 114.6	22.4%	\$ 37.6	11.0%	\$ 116.4	22.1%

	July 5, 2015		April 5, 2015		June 29, 2014	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income - GAAP	\$ 0.48	\$ 0.48	\$ 0.15	\$ 0.15	\$ 0.52	\$ 0.47
Acquired intangible asset amortization	0.07	0.07	0.06	0.06	0.09	0.08
Interest and other ⁽²⁾	(0.00)	(0.00)	(0.02)	(0.02)	-	-
Restructuring and other ⁽¹⁾	(0.00)	(0.00)	-	-	0.00	0.00
Inventory step-up	0.00	0.00	-	-	-	-
Exclude discrete tax adjustments ⁽³⁾	0.00	0.00	(0.01)	(0.01)	(0.00)	(0.00)
Tax effect of non-GAAP adjustments	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)
Net income - non-GAAP	\$ 0.54	\$ 0.53	\$ 0.17	\$ 0.17	\$ 0.60	\$ 0.54

	July 5, 2015	April 5, 2015	June 29, 2014
GAAP and non-GAAP weighted average common shares - basic	213.8	217.2	194.4
GAAP weighted averaged common shares - diluted	215.5	218.8	216.6
Include GAAP dilutive shares	-	-	-
Exclude dilutive shares from convertible note	-	-	-
Non-GAAP weighted average common shares - diluted	215.5	218.8	216.6

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

(1) Restructuring and other consists of:

	Quarter Ended		
	July 5, 2015	April 5, 2015	June 29, 2014
Acquisition costs	\$ 1.0	\$ -	\$ -
Employee severance	0.2	-	0.6
Contingent consideration fair value adjustment	(1.6)	-	-
	<u>\$ (0.4)</u>	<u>\$ -</u>	<u>\$ 0.6</u>

(2) For the quarters ended July 5, 2015 and April 5, 2015, Interest and other included a gain from the sale of an equity investment.

(3) For the quarters ended July 5, 2015, April 5, 2015 and June 29, 2014, adjustment to exclude discrete income tax items.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	Six Months Ended							
	July 5, 2015		June 29, 2014		July 5, 2015		June 29, 2014	
	July 5, 2015	% of Net Revenues	Net Income		June 29, 2014	% of Net Revenues	Net Income	
			Basic	Diluted			Basic	Diluted
Net Revenues	\$ 855.1				\$ 846.6			
Gross profit - GAAP	\$ 491.0	57.4%			\$ 457.5	54.0%		
Inventory step-up	0.6	0.1%			-	-		
Gross profit - non-GAAP	\$ 491.6	57.5%			\$ 457.5	54.0%		
Income from operations - GAAP	\$ 165.9	19.4%			\$ 124.4	14.7%		
Acquired intangible asset amortization	29.1	3.4%			36.5	4.3%		
Restructuring and other ⁽¹⁾	(0.4)	0.0%			0.6	0.1%		
Inventory step-up	0.6	0.1%			-	-		
Equity modification charge ⁽²⁾	-	-			6.6	0.8%		
Income from operations - non-GAAP	\$ 195.2	22.8%			\$ 168.1	19.9%		
Net income (loss) - GAAP	\$ 135.7	15.9%	\$ 0.63	\$ 0.62	\$ 102.1	12.1%	\$ 0.53	\$ 0.45
Acquired intangible asset amortization	29.1	3.4%	0.14	0.13	36.5	4.3%	0.19	0.16
Interest and other ⁽³⁾	(5.4)	-0.6%	(0.03)	(0.02)	4.3	0.5%	0.02	0.02
Restructuring and other ⁽¹⁾	(0.4)	0.0%	(0.00)	(0.00)	0.6	0.1%	0.00	0.00
Inventory step-up	0.6	0.1%	0.00	0.00	-	-	-	-
Equity modification charge ⁽²⁾	-	-	-	-	6.6	0.8%	0.03	0.03
Exclude discrete tax adjustments ⁽⁴⁾	(1.6)	-0.2%	(0.01)	(0.01)	(2.9)	-0.3%	(0.01)	(0.01)
Tax effect of non-GAAP adjustments	(5.8)	-0.7%	(0.03)	(0.03)	(8.5)	-1.0%	(0.04)	(0.04)
Convertible share adjustment ⁽⁵⁾	-	-	-	-	-	-	-	0.04
Net income - non-GAAP	\$ 152.2	17.8%	\$ 0.71	\$ 0.70	\$ 138.7	16.4%	\$ 0.72	\$ 0.65
GAAP and non-GAAP weighted average common shares - basic	215.5				193.9			
GAAP weighted average common shares - diluted	217.2				226.5			
Exclude dilutive shares from convertible note	-				(10.0)			
Non-GAAP weighted average common shares - diluted ⁽⁶⁾	217.2				216.5			

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	Six Months Ended							
	June 30, 2013	% of Net Revenues	Net Income per Common Share		July 1, 2012	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted
Net Revenues	\$ 709.3				\$ 945.0			
Gross profit - GAAP	\$ 394.7	55.6%			\$ 500.4	53.0%		
Inventory step-up	-	-			6.1	0.6%		
Pension mark-to-market adjustments ⁽¹⁾	(0.3)	0.0%			0.8	0.1%		
Gross profit - non-GAAP	\$ 394.4	55.6%			\$ 507.3	53.7%		
Income from operations - GAAP	\$ 90.3	12.7%			\$ 203.9	21.6%		
Acquired intangible asset amortization	36.1	5.1%			36.9	3.9%		
Inventory step-up	-	-			6.1	0.6%		
Pension mark-to-market adjustments ⁽¹⁾	(1.4)	-0.2%			3.1	0.3%		
Restructuring and other ⁽²⁾	0.6	0.1%			(8.1)	-0.9%		
Income from operations - non-GAAP	\$ 125.6	17.7%			\$ 241.9	25.6%		
Net income - GAAP	\$ 73.1	10.3%	\$ 0.38	\$ 0.31	\$ 145.0	15.3%	\$ 0.78	\$ 0.63
Acquired intangible asset amortization	36.1	5.1%	0.19	0.15	36.9	3.9%	0.20	0.18
Income tax adjustment ⁽³⁾	(8.8)	-1.2%	(0.05)	(0.04)	26.9	2.8%	0.14	0.13
Interest and other ⁽⁴⁾	7.6	1.1%	0.04	0.03	6.7	0.7%	0.04	0.03
Inventory step-up	-	-	-	-	6.1	0.6%	0.03	0.03
Pension mark-to-market adjustments ⁽¹⁾	(1.4)	-0.2%	(0.01)	(0.01)	3.1	0.3%	0.02	0.01
Restructuring and other ⁽²⁾	0.6	0.1%	0.00	0.00	(8.1)	-0.9%	(0.04)	(0.04)
Convertible share adjustment ⁽⁵⁾	-	-	-	0.09	-	-	-	0.10
Net income - non-GAAP	\$ 107.2	15.1%	\$ 0.56	\$ 0.53	\$ 216.6	22.9%	\$ 1.16	\$ 1.07
GAAP and non-GAAP weighted average common shares - basic	190.1				186.2			
GAAP weighted average common shares - diluted	234.8				230.4			
Exclude dilutive shares from convertible note	(23.3)				(22.7)			
Non-GAAP weighted average common shares - diluted ⁽⁵⁾	211.5				207.7			

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended											
	April 5, 2015		December 31, 2014		March 30, 2014		April 5, 2015		December 31, 2014		March 30, 2014	
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Net revenues	\$ 342.4		\$ 323.2		\$ 321.0		\$ 342.4		\$ 323.2		\$ 321.0	
Gross profit - GAAP	\$ 192.4	56.2%	\$ 160.2	49.6%	\$ 167.0	52.0%	\$ 192.4	56.2%	\$ 160.2	49.6%	\$ 167.0	52.0%
Pension mark-to-market adjustments ⁽¹⁾	-	-	12.7	3.9%	-	-	-	-	12.7	3.9%	-	-
Gross profit - non-GAAP	\$ 192.4	56.2%	\$ 172.9	53.5%	\$ 167.0	52.0%	\$ 192.4	56.2%	\$ 172.9	53.5%	\$ 167.0	52.0%
Income (loss) from operations - GAAP	\$ 35.1	10.3%	\$ (126.2)	-39.0%	\$ 3.7	1.2%	\$ 35.1	10.3%	\$ (126.2)	-39.0%	\$ 3.7	1.2%
Acquired intangible asset amortization	13.8	4.0%	16.0	5.0%	18.3	5.7%	13.8	4.0%	16.0	5.0%	18.3	5.7%
Goodwill impairment ⁽²⁾	-	-	98.9	30.6%	-	-	-	-	98.9	30.6%	-	-
Restructuring and other ⁽³⁾	-	-	1.2	0.4%	-	-	-	-	1.2	0.4%	-	-
Pension mark-to-market adjustments ⁽¹⁾	-	-	46.6	14.4%	-	-	-	-	46.6	14.4%	-	-
Equity modification charge ⁽⁴⁾	-	-	-	-	6.6	2.1%	-	-	-	-	6.6	2.1%
Income from operations - non-GAAP	\$ 48.9	14.3%	\$ 36.5	11.3%	\$ 28.6	8.9%	\$ 48.9	14.3%	\$ 36.5	11.3%	\$ 28.6	8.9%

	Net Income per Common Share				Net Income per Common Share				Net Income per Common Share			
	April 5, 2015		December 31, 2014		March 30, 2014		April 5, 2015		December 31, 2014		March 30, 2014	
		% of Net Revenues	Basic	Diluted		% of Net Revenues	Basic	Diluted		% of Net Revenues	Basic	Diluted
Net income (loss) - GAAP	\$ 32.8	9.6%	\$ 0.15	\$ 0.15	\$ (103.8)	-32.1%	\$ (0.48)	\$ (0.48)	\$ 0.9	0.3%	\$ 0.00	\$ 0.00
Acquired intangible asset amortization	13.8	4.0%	0.06	0.06	16.0	5.0%	0.07	0.07	18.3	5.7%	0.09	0.08
Interest and other ⁽⁵⁾	(4.8)	-1.4%	(0.02)	(0.02)	-	-	-	-	4.3	1.3%	0.02	0.02
Goodwill impairment ⁽²⁾	-	-	-	-	98.9	30.6%	0.46	0.45	-	-	-	-
Restructuring and other ⁽³⁾	-	-	-	-	1.2	0.4%	0.01	0.01	-	-	-	-
Pension mark-to-market adjustments ⁽¹⁾	-	-	-	-	46.6	14.4%	0.22	0.21	-	-	-	-
Equity modification charge ⁽⁴⁾	-	-	-	-	-	-	-	-	6.6	2.1%	0.03	0.03
Exclude discrete tax adjustments ⁽⁶⁾	(1.8)	-0.5%	(0.01)	(0.01)	1.5	0.5%	0.01	0.01	(2.4)	-0.7%	(0.01)	(0.01)
Tax effect of non-GAAP adjustments	(2.4)	-0.7%	(0.01)	(0.01)	(29.3)	-9.1%	(0.14)	(0.13)	(5.3)	-1.6%	(0.03)	(0.02)
Convertible share adjustment ⁽⁷⁾	-	-	-	-	-	-	-	-	-	-	-	0.01
Net income - non-GAAP	\$ 37.6	11.0%	\$ 0.17	\$ 0.17	\$ 31.1	9.6%	\$ 0.14	\$ 0.14	\$ 22.4	7.0%	\$ 0.12	\$ 0.11

GAAP and non-GAAP weighted average common shares - basic	217.2	216.5	193.3
GAAP weighted average common shares - diluted	218.8	216.5	236.5
Include GAAP dilutive shares	-	2.3	-
Exclude dilutive shares from convertible note	-	-	(20.1)
Non-GAAP weighted average common shares - diluted ⁽⁷⁾	218.8	218.8	216.4

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	September 28, 2014		Quarter Ended				September 29, 2013			
	\$	% of Net Revenues	June 29, 2014	% of Net Revenues	Net Income per Common Share	Basic	Diluted	\$	% of Net Revenues	Basic
Net revenues	\$ 478.0		\$ 525.6		\$ 0.40	\$ 0.38	\$ 433.4		\$ 0.36	\$ 0.29
Gross profit - GAAP and non-GAAP	\$ 261.1	54.6%	\$ 290.4	55.3%	0.09	0.08	\$ 254.3	58.7%	0.09	0.08
Income from operations - GAAP	\$ 98.2	20.5%	\$ 120.7	23.0%	(0.00)	(0.00)	\$ 93.5	21.6%	-	-
Acquired intangible asset amortization	18.3	3.8%	18.3	3.5%	-	-	18.1	4.2%	-	-
Restructuring and other ⁽¹⁾	(0.4)	-0.1%	0.6	0.1%	-	-	0.9	0.2%	-	-
Income from operations - non-GAAP	\$ 116.1	24.3%	\$ 139.6	26.6%	(0.02)	(0.02)	\$ 112.5	26.0%	-	-
Net income - GAAP	\$ 82.9	17.3%	\$ 101.2	19.3%	0.01	0.01	\$ 69.5	16.0%	0.01	0.01
Acquired intangible asset amortization	18.3	3.8%	18.3	3.5%	-	-	18.1	4.2%	-	-
Restructuring and other ⁽¹⁾	(0.4)	-0.1%	0.6	0.1%	-	-	0.9	0.2%	-	-
Exclude discrete tax adjustments ⁽²⁾	(1.6)	-0.3%	(0.5)	-0.1%	-	-	-	-	-	-
Tax effect of non-GAAP adjustments	(3.4)	-0.7%	(3.2)	-0.6%	-	-	-	-	-	-
Income tax adjustment ⁽⁴⁾	-	-	-	-	2.5	0.6%	0.01	0.01	0.01	0.01
Interest and other ⁽³⁾	-	-	-	-	4.0	0.9%	0.02	0.02	0.02	0.02
Convertible share adjustment ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-
Net income - non-GAAP	\$ 95.8	20.0%	\$ 116.4	22.1%	\$ 0.46	\$ 0.44	\$ 95.0	21.9%	\$ 0.50	\$ 0.46
GAAP and non-GAAP weighted average common shares - basic	207.4		194.4				191.3			
GAAP weighted average common shares - diluted	218.3		216.6				235.8			
Exclude dilutive shares from convertible note	-		-				(23.3)			
Non-GAAP weighted average common shares - diluted ⁽⁶⁾	218.3		216.6				212.5			

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	June 29, 2014		Quarter Ended March 30, 2014		Quarter Ended June 30, 2013	
	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues
Net revenues	\$ 525.6		\$ 321.0		\$ 428.9	
Gross profit - GAAP	\$ 290.4	55.3%	\$ 167.0	52.0%	\$ 241.2	56.2%
Pension mark-to-market adjustments ⁽¹⁾	-	-	-	-	(0.3)	-0.1%
Gross profit - non-GAAP	\$ 290.4	55.3%	\$ 167.0	52.0%	\$ 240.9	56.2%
Income from operations - GAAP	\$ 120.7	23.0%	\$ 3.7	1.2%	\$ 85.9	20.0%
Acquired intangible asset amortization	18.3	3.5%	18.3	5.7%	18.1	4.2%
Equity modification charge ⁽²⁾	-	-	6.6	2.1%	-	-
Restructuring and other ⁽³⁾	0.6	0.1%	-	-	0.3	0.1%
Pension mark-to-market adjustments ⁽¹⁾	-	-	-	-	(1.4)	-0.3%
Income from operations - non-GAAP	\$ 139.6	26.6%	\$ 28.6	8.9%	\$ 102.9	24.0%

	June 29, 2014		Quarter Ended March 30, 2014		Quarter Ended June 30, 2013	
	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues	Net Revenues	% of Net Revenues
Net income - GAAP	\$ 101.2	19.3%	\$ 0.9	0.3%	\$ 66.6	15.5%
Acquired intangible asset amortization	18.3	3.5%	18.3	5.7%	18.1	4.2%
Income tax adjustment ⁽⁴⁾	-	-	-	-	1.6	0.4%
Interest and other ⁽⁵⁾	-	-	4.3	1.3%	3.9	0.9%
Equity modification charge ⁽²⁾	-	-	6.6	2.1%	-	-
Exclude discrete tax adjustments ⁽⁶⁾	(0.5)	-0.1%	(2.4)	-0.7%	-	-
Tax effect of non-GAAP adjustments	(3.2)	-0.6%	(5.3)	-1.6%	-	-
Restructuring and other ⁽³⁾	0.6	0.1%	-	-	0.3	0.1%
Pension mark-to-market adjustments ⁽¹⁾	-	-	-	-	(1.4)	-0.3%
Convertible share adjustment ⁽⁷⁾	-	-	-	-	-	-
Net income - non-GAAP	\$ 116.4	22.1%	\$ 22.4	7.0%	\$ 89.1	20.8%

	June 29, 2014		Quarter Ended March 30, 2014		Quarter Ended June 30, 2013	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income - GAAP	\$ 0.52	\$ 0.47	\$ 0.00	\$ 0.00	\$ 0.35	\$ 0.28
Acquired intangible asset amortization	0.09	0.08	0.09	0.08	0.09	0.08
Income tax adjustment ⁽⁴⁾	-	-	-	-	0.01	0.01
Interest and other ⁽⁵⁾	-	-	0.02	0.02	0.02	0.02
Equity modification charge ⁽²⁾	-	-	0.03	0.03	-	-
Exclude discrete tax adjustments ⁽⁶⁾	(0.00)	(0.00)	(0.01)	(0.01)	-	-
Tax effect of non-GAAP adjustments	(0.02)	(0.01)	(0.03)	(0.02)	-	-
Restructuring and other ⁽³⁾	0.00	0.00	-	-	0.00	0.00
Pension mark-to-market adjustments ⁽¹⁾	-	-	-	-	(0.01)	(0.01)
Convertible share adjustment ⁽⁷⁾	-	-	-	0.01	-	0.05
Net income - non-GAAP	\$ 0.60	\$ 0.54	\$ 0.12	\$ 0.11	\$ 0.47	\$ 0.43

	June 29, 2014	Quarter Ended March 30, 2014	June 30, 2013
GAAP and non-GAAP weighted average common shares - basic	194.4	193.3	190.6
GAAP weighted average common shares - diluted	216.6	236.5	234.9
Exclude dilutive shares from convertible note	-	(20.1)	(23.3)
Non-GAAP weighted average common shares - diluted ⁽⁷⁾	216.6	216.4	211.6

⁽¹⁾ Actuarial (gains) losses recognized under GAAP in accordance with the Company's mark-to-market pension accounting.

⁽²⁾ For the quarter ended March 30, 2014, selling and administrative expenses include an equity charge for the modification of Teradyne's retired CEO's outstanding equity awards to allow continued vesting and maintain the original term in connection with his January 31, 2014

⁽³⁾ Restructuring and other consists of:

	June 29, 2014	Quarter Ended March 30, 2014	June 30, 2013
Employee severance	\$ 0.6	\$ -	\$ 0.3

⁽⁴⁾ For the quarter ended June 30, 2013, adjustment to record income taxes on a cash basis. Cash taxes reflects the usage of prior year favorable tax attributes (e.g. NOLs and credits) against current year tax liability

⁽⁵⁾ For the quarters ended March 30, 2014 and June 30, 2013, Interest and other included non-cash convertible debt interest expense.

⁽⁶⁾ For the quarters ended June 29, 2014 and March 30, 2014, adjustment to exclude discrete income tax items.

⁽⁷⁾ For the quarters ended March 30, 2014 and June 30, 2013, the calculation of non-GAAP diluted earnings per share gives benefit to the Company's call option on its stock for 34.7 million shares at \$5.48. As a result, 20.1 million and 23.3 million shares, respectively, have been excluded from non-GAAP diluted shares. For the quarters ended March 30, 2014 and June 30, 2013, net interest expense of \$2.0 million has been added back to non-GAAP net income for the non-GAAP diluted earnings per share calculation.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended											
	December 31, 2013		September 29, 2013				December 31, 2012					
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		
Net revenues	\$ 285.3		\$ 433.4		\$ 248.4							
Gross profit - GAAP	\$ 159.9	56.0%	\$ 254.3	58.7%	\$ 125.4	50.5%						
Pension mark-to-market adjustments ⁽¹⁾	(2.7)	-0.9%	-	-	7.8	3.1%						
Gross profit - non-GAAP	\$ 157.2	55.1%	\$ 254.3	58.7%	\$ 133.2	53.6%						
Income (loss) from operations - GAAP	\$ 6.8	2.4%	\$ 93.5	21.6%	\$ (24.6)	-9.9%						
Acquired intangible asset amortization	18.3	6.4%	18.1	4.2%	18.2	7.3%						
Restructuring and other ⁽²⁾	0.6	0.2%	0.9	0.2%	(0.3)	-0.1%						
Pension mark-to-market adjustments ⁽¹⁾	(9.1)	-3.2%	-	-	18.3	7.4%						
Income from operations - non-GAAP	\$ 16.6	5.8%	\$ 112.5	26.0%	\$ 11.6	4.7%						
	December 31, 2013	% of Net Revenues	Net Income per Common Share		September 29, 2013	% of Net Revenues	Net Income per Common Share		December 31, 2012	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted			Basic	Diluted
Net income (loss) - GAAP	\$ 22.3	7.8%	\$ 0.12	\$ 0.09	\$ 69.5	16.0%	\$ 0.36	\$ 0.29	\$ (16.5)	-6.6%	\$ (0.09)	\$ (0.09)
Acquired intangible asset amortization	18.3	6.4%	0.10	0.08	18.1	4.2%	0.09	0.08	18.2	7.3%	0.10	0.10
Income tax adjustment ⁽³⁾	11.1	3.9%	0.06	0.05	2.5	0.6%	0.01	0.01	(10.7)	-4.3%	(0.06)	(0.06)
Interest and other ⁽⁴⁾	(30.0)	-10.5%	(0.16)	(0.13)	4.0	0.9%	0.02	0.02	3.6	1.4%	0.02	0.02
Restructuring and other ⁽²⁾	0.6	0.2%	0.00	0.00	0.9	0.2%	0.00	0.00	(0.3)	-0.1%	(0.00)	(0.00)
Pension mark-to-market adjustments ⁽¹⁾	(9.1)	-3.2%	(0.05)	(0.04)	-	-	-	-	18.3	7.4%	0.10	0.10
Convertible share adjustment ⁽⁵⁾	-	-	-	0.02	-	-	-	0.06	-	-	-	-
Net income - non-GAAP	\$ 13.2	4.6%	\$ 0.07	\$ 0.07	\$ 95.0	21.9%	\$ 0.50	\$ 0.46	\$ 12.6	5.1%	\$ 0.07	\$ 0.07
GAAP and non-GAAP weighted average common shares - basic	191.5				191.3				187.7			
GAAP weighted average common shares - diluted	236.9				235.8				187.7			
Include GAAP dilutive shares	-				-				3.7			
Exclude dilutive shares from convertible note	(42.4)				(23.4)				-			
Non-GAAP weighted average common shares - diluted ⁽⁶⁾	194.5				212.5				191.4			

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	<u>Q2'14</u>		<u>Q1'15</u>		<u>Q2'15</u>		<u>Q3'15 Low Guidance</u>		<u>Q3'15 High Guidance</u>	
	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>
GAAP Operating Expenses	\$170	32%	\$157	46%	\$168	33%	\$176	39%	\$178	37%
Intangible Asset Amortization	-\$18	-3%	-\$14	-4%	-\$15	-3%	-\$21	-5%	-\$21	-4%
Restructuring and Other	-\$1	0%			\$0	0%				
Non GAAP Operating Expenses	\$151	29%	\$143	42%	\$153	30%	\$155	35%	\$156	33%

	<u>Q2'15</u>
GAAP Net Interest and Other Income	<u>\$1.3</u>
Gain from sale of Equity Investment	<u>-\$0.6</u>
Non-GAAP Net Interest and Other Income	\$0.7

- Q2'14, Q1'15 and Q2'15 R&D, and SG&A expense as a % of sales are the same for GAAP and Non-GAAP.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

4-Quarter	
GAAP PBIT %	8%
Acquired Intangible Asset Amortization	4%
Goodwill Impairment	6%
Restructuring and other	0%
Pension mark-to-market adjustments	3%
Inventory step-up	0%
Non-GAAP PBIT %	21%

8-Quarter	
GAAP PBIT %	12%
Acquired Intangible Asset Amortization	4%
Goodwill Impairment	3%
Restructuring and other	0%
Pension mark-to-market adjustments	1%
Inventory step-up	0%
Equity modification charge	0%
Non-GAAP PBIT %	20%

12-Quarter	
GAAP PBIT %	12%
Acquired Intangible Asset Amortization	5%
Goodwill Impairment	2%
Restructuring and other	0%
Pension mark-to-market adjustments	1%
Inventory step-up	0%
Equity modification charge	0%
Non-GAAP PBIT %	20%

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	Q2'14		Q1'15		Q2'15	
	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>
GAAP Income Tax	\$20	17%	\$10	27%	\$29	22%
Exclude discrete tax adjustments	\$1	0%	\$2	5%	\$0	0%
Tax effect of non-GAAP adjustments	\$3	3%	\$2	7%	\$3	3%
Effect of Higher Non-GAAP PBT		-3%		-12%		-3%
Non GAAP Income Tax	<u>\$24</u>	<u>17%</u>	<u>\$14</u>	<u>27%</u>	<u>\$33</u>	<u>22%</u>

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Reconciliation of Third Quarter 2015 guidance:

GAAP and non-GAAP third quarter revenue guidance:	\$450 million	to	\$480 million
GAAP net income per diluted share	\$ 0.27		\$ 0.33
Exclude acquired intangible asset amortization	0.09		0.09
Exclude inventory step-up amortization	0.00		0.00
Tax effect of non-GAAP adjustment	(0.02)		(0.02)
Non-GAAP net income per diluted share	\$ 0.35		\$ 0.41

Third Quarter Guidance:	<u>Low End</u>	<u>High End</u>
GAAP Operating Profit as % of Sales	16%	19%
Acquired intangible asset amortization	5%	4%
Inventory Step Up	<u>0%</u>	<u>0%</u>
Non-GAAP Operating Profit as % of Sales	21%	23%

Third Quarter Guidance:	<u>Low End</u>	<u>High End</u>
GAAP Gross Margin as % of Sales	55%	56%
Inventory Step Up	<u>0%</u>	<u>0%</u>
Non-GAAP Gross Margin as % of Sales	56%	56%

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

- Teradyne determines non-GAAP operating cash flow (“Free Cash Flow”) by adjusting GAAP cash flow from operations excluding discontinued operations to include property, plant and equipment additions. Free cash flow is considered a non-GAAP financial measure. Teradyne believes that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating Teradyne’s financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income (loss) from continuing operations or net income (loss) as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.
- Teradyne believes it is important to view free cash flow as a measure that provides supplemental information to Teradyne’s entire statement of cash flows.
- Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Teradyne to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow.
- The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow.

	<u>Q2'14</u>	<u>Q1'15</u>	<u>Q2'15</u>	<u>Q3'15E</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
GAAP Cash Flow From Operations, Excl Disc Ops	\$209	\$38	\$156	\$119	\$403	\$269	\$492
Include Property, Plant and Equipment Additions	-\$60	-\$21	-\$25	-\$20	-\$119	-\$107	-\$169
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$149	\$16	\$131	\$99	\$284	\$162	\$323

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

Teradyne's updated non-GAAP model revenue is \$390 million and the prior non-GAAP model revenue was \$375 million. Teradyne determines its model operating profit level, model profit rate, or operating profit target as the average of its quarterly non-GAAP income from operations as a percentage of revenues over a semiconductor buying cycle. Non-GAAP income from operations excludes amortization from acquired intangible assets and any special items, such as restructuring costs. Non-GAAP model revenue excludes projected but uncertain costs of sales and operating expenditures. These model revenue numbers are provided only on a non-GAAP basis because of the inherent difficulty in forecasting and quantifying the amount of the uncertain revenue and costs of sales, operating expenditures, which would be required to be included in the comparable GAAP measure of revenue.

As a result, the GAAP financial measures most directly comparable to these forward looking Non-GAAP financial measures (the model revenue number, if any, under GAAP) are not currently available and a GAAP to Non-GAAP reconciliation has therefore not been presented.