



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 301(c), 301(d), 305(b)(2), 305(c), and 316.

18 Can any resulting loss be recognized? ▶ This is not a loss transaction.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year for this conversion rate adjustment is 2020 for a calendar year taxpayer.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *Michael Callahan* Date ▶ April 28, 2020

Print your name ▶ Michael Callahan Title ▶ Corporate Controller

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**Teradyne, Inc.**  
**Appendix A to Form 8937**  
**February 20, 2020 Conversion Rate Adjustment**

Teradyne, Inc. (NASDAQ:TER) (the "Company") has outstanding \$460 million in aggregate principal amount of 1.25% Convertible Senior Subordinated Notes due 2023 (the "2023 Notes"). The 2023 Notes are convertible, at the option of the holders, at any time prior to the close of business on the business day immediately preceding December 15, 2023, into shares of the Company's common stock, par value \$0.125 per share (the "Common Stock"). The terms of the 2023 Notes include antidilutive protections that provide for an increase in the number of shares of Common Stock issued by the Company upon conversion of the 2023 Notes in the event of quarterly cash dividends on the Common Stock. This increase in the conversion rate on the 2023 Notes shall occur on the ex-dividend date for quarterly cash dividends paid on the Common Stock.

Section 6045B of the United States ("U.S.") Internal Revenue Code (the "Code") and the Treasury Regulations promulgated thereunder provide that, if a company pays a cash dividend with respect to its stock that results in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution under Section 305(b)(2) and (c) of the Code, an information return on Form 8937, *Report of Organizational Actions Affecting Stock Basis of Securities*, must be filed with the Internal Revenue Service or, in lieu of filing, posted to the company's public website.

The information contained in the attached Form 8937 and this Appendix A is intended to satisfy the public reporting requirements under Section 6045A of the Code and is intended to provide only a general summary of certain U.S. federal income tax consequences of the conversion rate adjustment. Such information is not intended to be a complete analysis or description of all potential deferral or other tax consequences of the conversion rate adjustment. You should consult your own tax advisor to determine the particular federal, state, local, or foreign income, reporting, or other tax consequences of the conversion rate adjustment applicable to you.

**Line 14 – Description of the Organizational Action**

On January 22, 2020, the Company declared a quarterly cash dividend of \$0.10 per share with respect to its Common Stock payable on March 30, 2020 to shareholders of record as of the close of business on February 21, 2020. The February 20, 2020 conversion rate increase results in a deemed dividend to holders of the 2023 Notes under Section 305(c) of the Code effective February 20, 2020.

**Line 15 – Description of the Quantitative Effect of the Organizational Action**

Effective on February 20, 2020, the conversion rate on the 2023 Notes increases from 31.6218 shares of Common Stock per \$1,000 principal (the conversion rate as of December 12, 2019) to 31.6397 shares of Common Stock per \$1,000 principal of 2023 Notes held. The section 305 (c) deemed dividend to holders of the 2023 Notes that resulted from the conversion rate change increased the basis of the 2020 Notes by \$1.2152 per \$1,000 principal of 2023 Notes held.

**Line 16 – Description of Calculation of the Change**

The calculation of the adjusted conversion rate per \$1,000 principal amount of 2023 Notes held is set forth below. The "Market Value" under the indenture for the 2023 Notes is the average

closing price for the 10 trading days preceding and including the day before the ex-dividend date (such ex-dividend date was February 20, 2020).

$$\text{Adj. Conversion Rate} = \text{PCR} (31.6218) \times \frac{\text{MV} (\$70.63) - \text{DTA} (\$0.06)}{\text{MV} (\$70.63) - \text{D} (\$0.10)} = 31.6397$$

$$\text{Basis Adjustment} = \text{SP} (\$67.89) * \text{Conversion Adj.} [(31.6397) - (31.6218)] = \\ \$1.2152 \text{ per } \$1,000 \text{ of principal amount of the 2023 Notes}$$

PCR = Prior Conversion Ratio (calculated as of December 12, 2019)

MV = Market Value of 1 Common Share (As Calculated per 2023 Notes Indenture)

DTA = Dividend Threshold Amount

D = Dividend Amount (February 21, 2020 record date)

SP = Stock Price (February 20, 2020 ex-dividend date)