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

FORM 10-K

(MARK ONE)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1994

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

COMMISSION FILE NUMBER 1-6462

TERADYNE, INC.

(Exact name of registrant as specified in its charter)

MASSACHUSETTS	04-2272148
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
321 HARRISON AVENUE, BOSTON, MASSACHUSETTS	02118
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (617) 482-2700

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
COMMON STOCK, PAR VALUE $0.125	NEW YORK STOCK EXCHANGE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or in any amendment to this Form 10-K. / /

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 24, 1995 was $1,335.7 million based upon the composite closing price of the registrant's Common Stock on the New York Stock Exchange on that date.

The number of shares outstanding of the registrant's only class of Common Stock as of February 24, 1995 was 36,847,959 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement in connection with its 1995 annual meeting of shareholders are incorporated by reference into Part III.

TERADYNE, INC.

FORM 10-K

PART I

ITEM 1: BUSINESS

Teradyne, Inc. is a manufacturer of electronic test systems and backplane connection systems used in the electronics and telecommunications industries. For financial information concerning these two industry segments, see "Note L: Industry Segment and Geographic Information" in Notes to Consolidated Financial Statements. Unless the context indicates otherwise, the term "Company" as used herein includes Teradyne, Inc. and all its subsidiaries.

ELECTRONIC TEST SYSTEMS

The Company designs, manufactures, markets, and services electronic test systems and related software used by component manufacturers in the design and testing of their products and by electronic equipment manufacturers for the incoming inspection of components and for the design and testing of circuit boards and other assemblies. Manufacturers use such systems and software to increase product performance, to improve product quality, to shorten time to market, to enhance manufacturability, to conserve labor costs, and to increase production yields. The Company's electronic systems are also used by telephone operating companies for the testing and maintenance of their subscriber telephone lines and related equipment.

Electronic test systems produced by the Company include: (i) test systems for a wide variety of semiconductors, including digital and analog integrated circuits, (ii) test systems for circuit boards and other assemblies, and (iii) test systems for telephone lines and networks. The Company's test systems are all controlled by computers, and programming and operating software is supplied both as an integral part of the product and as a separately priced enhancement.

The Company's systems are extremely complex and require extensive support both by the customer and by the Company. Prices for the Company's systems range from less than $100,000 to $5 million or more.

BACKPLANE CONNECTION SYSTEMS

The Company also manufactures backplane connection systems, principally for the computer, telecommunications, and military/aerospace industries. A backplane is a panel that supports the circuit boards in an electronic assembly and carries the wiring that connects the boards to each other and to other elements of a system. The Company produces both printed circuit and metal backplanes, along with mating circuit-board connectors. Backplanes are custom-configured to meet specific customer requirements. The Company has begun to extend the manufacture of backplane connection systems to include the manufacture of fully integrated electronic assemblies that incorporate backplane, card cage, cabling, and related design and production services.

MARKETING AND SALES

MARKETS

The Company sells its products across most sectors of the electronics industry and to companies in other industries that use electronic devices in high volume. The Company believes that it could suffer the loss of one or even a few major customers without serious long-term adverse effects. Sales to Motorola, Inc. were approximately 10% of net sales in 1994. No other customer accounted for more than 10% of net sales in 1994.

Direct sales to United States government agencies accounted for less than 1% of net sales in 1994 and about 2% of net sales in 1993 and 1992. Sales are also made within each of the Company's segments to customers who are government contractors. About 22% of backplane connection systems sales and less than 10% of electronic test systems sales fell into this category during 1994.

The Company's international customers are located primarily in Europe, the Asia Pacific region, and Japan. The Company sells in these areas both directly and through foreign sales subsidiaries. Substantially all of the Company's manufacturing activities are conducted in the United States.

Sales to international customers accounted for 46% of net sales in 1994, 41% in 1993, and 42% in 1992. Identifiable assets of the Company's foreign subsidiaries, consisting principally of operating assets, approximated $86.6 million at December 31, 1994, $65.0 million at December 31, 1993, and $86.0 million at December 31, 1992. Of these identifiable assets at December 31, 1994, $42.6 million were in Europe, $40.3 million were in Japan, and $3.4 million were in the Asia Pacific region. Since sales to international customers have little correlation with the location of manufacture, it is not meaningful to present operating profit by geographic area.

The Company is subject to the inherent risks involved in international trade, such as political instability, restrictive trade policies, controls on funds transfer, and foreign currency fluctuations. The Company attempts to reduce the effects of currency fluctuations by hedging part of its exposed position and by conducting some of its foreign transactions in U.S. dollars or dollar equivalents.

DISTRIBUTION

The Company sells its electronic systems primarily through a direct sales force. Backplane connection systems are sold by direct sales personnel as well as by manufacturers' representatives. The Company has sales and service offices throughout North America, Europe, the Asia Pacific region, and Japan.

COMPETITION

Competition is intense in each of the business areas that the Company operates. In each market there are several significant competitors. Many of these competitors have greater resources than the Company. Competition is principally based on technical performance, equipment and service reliability, reputation and accessibility to the vendor, and price. While relative positions vary from year to year, the Company believes that it operates with a significant market share position in each of its businesses.

BACKLOG

On December 31, 1994, the Company's backlog of unfilled orders for electronic test systems and backplane connection systems was approximately $337.8 million and $76.2 million, respectively, compared with $238.9 million and $49.1 million, respectively, on December 31, 1993. Of the backlog at December 31, 1994, approximately 92% of the electronic test systems backlog, and approximately 91% of the backplane connection systems backlog are expected to be delivered in 1995. The Company's past experience indicates that a portion of orders included in the backlog may be canceled. There are no seasonal or unusual factors related to the backlog.

RAW MATERIALS

The Company's products require a wide variety of electronic and mechanical components. In the past, the Company has experienced occasional delays in obtaining timely delivery of certain items. Additionally, the Company could experience a temporary adverse impact if any of its sole source suppliers ceased to deliver products. Management believes, however, that alternate sources could be developed.

PATENTS AND LICENSES

The development of products by the Company, both hardware and software, is largely based on proprietary information. The Company protects its rights in proprietary information through various methods such as copyrights, trademarks, patents and patent applications, software license agreements, and employee agreements.

EMPLOYEES

As of December 31, 1994, the Company employed approximately 4,000 persons.

Since the inception of the Company's business, there have been no work stoppages or other labor disturbances. The Company has no collective bargaining contracts.

ENGINEERING AND DEVELOPMENT ACTIVITIES

The highly technical nature of the Company's products requires a large and continuing engineering and development effort. Engineering and development expenditures for new and improved products were approximately $70.4 million in 1994, $62.4 million in 1993, and $62.0 million in 1992. These expenditures amounted to approximately 10% of net sales in 1994, 11% in 1993, and 12% in 1992.

ENVIRONMENTAL AFFAIRS

The Company's manufacturing facilities are subject to numerous laws and regulations designed to protect the environment, particularly from plant wastes and emissions. These include laws such as the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, the Hazardous and Solid Waste Amendments of 1984 and Resource Conservation and Recovery Act of 1976. In the opinion of management, the costs associated with complying with these laws and regulations has not had and will not have a material effect upon the capital expenditures, earnings and competitive position of the Company.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the names of all executive officers of the Company and certain other information relating to their positions held with the Company and other business experience. Executive officers of the Company do not have a specific term of office but rather serve at the discretion of the Board of Directors.

EXECUTIVE OFFICER	AGE	POSITION	BUSINESS EXPERIENCE FOR THE PAST 5 YEARS
Alexander V. d'Arbeloff............	67	President and Chairman of the Board	Chairman of the Board of the Company since 1977; President of the Company since 1971; Director of the Company since 1960.
James A. Prestridge.....	63	Executive Vice President and Member of the Board	Executive Vice President of the Company since 1992; Vice President of the Company from 1971 to 1992.
Owen W. Robbins.........	65	Executive Vice President and Member of the Board	Executive Vice President of the Company since 1992; Vice President of the Company from 1977 to 1992.
George W. Chamillard....	56	Executive Vice President	Executive Vice President of the Company beginning in 1994; Vice President of the Company from 1981 to 1993.
George V. d'Arbeloff....	50	Vice President	Vice President of the Company since 1980.
Ronald J. Dias..........	51	Vice President	Vice President of the Company since 1988.
John P. McCabe..........	50	Vice President	Vice President of the Company beginning in 1994; Controller of the Company from 1975 to 1994.
Stuart M. Osattin.......	49	Vice President and Treasurer	Vice President of the Company beginning in 1994; Treasurer of

			the Company since 1980.
Edward Rogas, Jr........	54	Vice President	Vice President of the Company since 1984.
David L. Sulman.........	51	Vice President	Vice President of the Company beginning in 1994; Division General Manager since 1993; Division Engineering Manager from 1982 to 1992.
Frederick T. Van Veen...	64	Vice President	Vice President of the Company since 1980.
Donald J. Hamman........	43	Controller	Controller of the Company beginning in 1994; Director of Corporate Accounting from 1986 to 1994.

ITEM 2: PROPERTIES

The Company's executive offices are in Boston, Massachusetts. Manufacturing and other operations are carried on in several locations. The following table provides certain information as to the Company's principal general offices and manufacturing facilities:

LOCATION	PROPERTY INTEREST	APPROXIMATE SQ. FT. OF FLOOR SPACE
ELECTRONIC TEST SYSTEMS INDUSTRY SEGMENT:		
Boston, Massachusetts		
321 Harrison Avenue...........................	Own	245,000
179 Lincoln Street............................	Own	245,000
Agoura Hills, California...........................	Own	360,000
Deerfield, Illinois................................	Own	65,000
Deerfield, Illinois................................	Lease	20,000
Walnut Creek, California...........................	Lease	60,000
BACKPLANE CONNECTION SYSTEMS INDUSTRY SEGMENT:		
Nashua, New Hampshire..............................	Own	300,000
Dublin, Ireland....................................	Lease	46,000

The Company owns most of its manufacturing and office facilities. In 1994, construction began on 28,000 square feet of Electronic Test System manufacturing space in Kumamoto, Japan. The Company intends to utilize this space beginning in 1995. Approximately 120,000 square feet of the Agoura Hills property listed above was unoccupied through 1994. The Company plans to occupy this facility in 1995. The Company is subleasing an additional 85,000 square feet of space to a third party in Walnut Creek through the expiration of the lease in June 1996.

ITEM 3: LEGAL PROCEEDINGS

The Company is not a party to any litigation that, in the opinion of management, could reasonably be expected to have a material adverse impact on the Company's financial position.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.

PART II

ITEM 5: MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER

MATTERS

The following table shows the market range for the Company's Common Stock based on reported sales prices on the New York Stock Exchange.

	PERIOD	HIGH	LOW
1993	First Quarter	$18 1/8	$13 1/4
	Second Quarter	21 1/2	13
	Third Quarter	29 5/8	20 1/2
	Fourth Quarter	28 1/4	20
1994	First Quarter	31 1/8	23 1/2
	Second Quarter	26 3/4	20 3/8
	Third Quarter	32	23 1/2
	Fourth Quarter	34 1/4	25 5/8

The number of record holders of the Company's Common Stock at February 24, 1995 was 3,056.

The Company has never paid cash dividends because it has been its policy to use earnings to finance expansion and growth. While payment of future dividends will rest within the discretion of the Board of Directors and will depend, among other things, upon the Company's earnings, capital requirements and financial condition, the Company presently expects to retain all of its earnings for use in the business.

ITEM 6: SELECTED FINANCIAL DATA

	YEARS ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
Net sales	$677,440	$554,734	$529,581	$508,923	$458,877
Income (loss) before extraordinary item	$ 70,941	$ 35,923	$ 22,548	$ 18,253	$(21,332)
Income (loss) before extraordinary item per common share	$ 1.91	$ 1.00	$ 0.67	$ 0.58	$ (0.71)
Total assets	$655,942	$544,443	$461,055	$420,533	$388,931
Long-term obligations	$ 8,806	$ 9,138	$ 23,647	$ 24,344	$ 25,045

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SELECTED RELATIONSHIPS WITHIN THE CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	1994	1993	1992
	(DOLLARS IN THOUSANDS)		
Net sales	$677,440	$554,734	$529,581

Income before extraordinary item	$ 70,941	$ 35,923	$ 22,548
Increase in net sales from preceding year:			
Amount	$122,706	$ 25,153	$ 20,658
Percentage	22%	5%	4%
Increase in income before extraordinary item from preceding year	$ 35,018	$ 13,375	$ 4,295
Percentage of net sales:			
Net sales	100%	100%	100%
Expenses:			
Cost of sales	56	57	59
Engineering and development	10	11	12
Selling and administrative	20	23	24
	86	91	95
Net interest income	1		
Income before income taxes and extraordinary item	15	9	5
Provision for income taxes	5	3	1
Income before extraordinary item	10%	6%	4%

RESULTS OF OPERATIONS:

1994 compared to 1993

Sales increased 22% in 1994 to $677.4 million. Sales increased in each of the major product lines of the Company -- semiconductor test systems, circuit-board test systems, telecommunications systems and backplane connection systems. The largest increases in sales occurred in semiconductor test systems, which increased 22%, and backplane connection systems, which increased 48%. Sales of semiconductor test systems grew as semiconductor manufacturers continued to add capacity in response to rising demand for their products. This capacity expansion was evidenced by a number of new semiconductor manufacturing plants coming on line. Sales of backplane connection systems increased in response to the rising demand for the high technology products in the Company's commercial customer base. As a result of the increase in sales, income before extraordinary item almost doubled in 1994, increasing $35.0 million to $70.9 million.

Incoming orders grew faster than sales in 1994, increasing 28% to $803.4 million. The increase in orders, like the increase in sales, was primarily due to increases in semiconductor test system orders, which increased 49%, and in backplane connection systems, which increased 55%. As a result of the increase in orders, the Company's backlog grew 44% in 1994, finishing the year at $414.0 million.

Cost of sales as a percentage of sales decreased from 57% in 1993 to 56% in 1994. The improvement was the result of the following two factors. First, the increase in sales volume permitted increased utilization of certain fixed and semi-variable components of the Company's overhead structure. Second, there was an unfavorable change in mix as sales of backplane connection systems, whose product margins are generally lower than those of electronic test systems, were higher as a percentage of total Company sales.

Engineering and development expenses declined as a percentage of sales from 11% in 1993 to 10% in 1994, as these expenses did not increase at the same rate as sales. The dollar amount of these expenses grew $8.1 million in 1994 as a result of increased investment in new product development of semiconductor test systems. Selling and administrative expenses decreased to 20% of sales in 1994 compared with 23% of sales in 1993, as the dollar volume of these expenses grew less than 3% while sales increased 22%.

Interest income increased 75% in 1994 to $6.4 million due to an increase in the Company's average cash balance and higher interest rates during the year. Interest expense decreased from $3.6 million in 1993 to $1.7 million in 1994 as a result of the Company's retirement of its 9.25% convertible subordinated debentures in the fourth quarter of 1993.

The Company's effective tax rate was 31% in 1994 compared with 30% in 1993. The Company was able to operate with an effective tax rate below the federal statutory rate of 35% in both years through the utilization of tax credit carryforward and foreign loss carryforward amounts. The Company expects its tax rate to approximate the statutory rate of 35% in 1995.

1993 Compared to 1992

Sales increased 5% in 1993, to $554.7 million. The increase in sales was primarily due to a 13% increase in sales of semiconductor test systems and, to a lesser extent, a 7% increase in sales of backplane connection systems. Sales of semiconductor test systems increased as semiconductor manufacturers added capacity in response to rising demand for their products. Sales of circuit-board test systems and telecommunications systems declined 7% and 18%, respectively, in 1993 compared to 1992. Incoming orders increased 19% in 1993 to $625.0 million over 1992 with increased orders occurring in each of the Company's major groups. The Company's backlog grew during 1993 to $288.0 million.

Income before taxes increased by $25.3 million from 1992 to 1993 on a sales increase of $25.2 million as the Company continued to control the growth in its operating expenses. In addition, costs in 1993 were lower in the Company's circuit-board test operations following actions taken by the Company in 1992 to reduce the size of operations. These lower costs helped to offset the impact of the reduced sales of circuit-board test systems.

Cost of sales decreased from 59% of sales in 1992 to 57% in 1993. While sales increased in 1993, the fixed and semi-variable components of cost of sales decreased as a result of the Company's cost reduction programs. The changes in engineering and development expenses and selling and administrative expenses were each less than 1% in 1993, compared with 1992. These expenses were essentially flat for the period 1991 through 1993 as the Company controlled the growth of its fixed costs.

Interest income increased 44% in 1993 as a result of a $76.2 million increase in the Company's cash and cash equivalents balance during the year. Interest expense decreased 12% in 1993 primarily as a result of the Company's retirement of its 9.25% outstanding convertible subordinated debentures in the fourth quarter.

The Company's effective tax rate increased from 13.5% in 1992 to 30% in 1993. The Company was able to utilize net operating loss carryforwards to lower its United States taxable income for financial reporting purposes in 1992, while in 1993 the U.S. carryforwards were no longer available. However, the Company's tax rate in 1993 was below the United States statutory rate of 35%, as a result of the utilization of tax credit carryforwards and foreign net operating loss carryforwards. The Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" at the beginning of 1993. The effect of this change in accounting principle was not material to the Company's consolidated financial position. See "Note K: Income Taxes" in Notes to Consolidated Financial Statements.

In connection with the retirement of the Company's outstanding 9.25% convertible subordinated debentures, the Company incurred, in the fourth quarter of 1993, an extraordinary charge of $0.7 million, net of income taxes, for the costs of the redemption premium of 3.7% and the writeoff of unamortized debt issuance costs.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash balance grew $39.2 million in 1994 following an increase of $76.2 million in 1993. Cash flow generated from operations was $89.4 million in 1994 and $91.8 million in 1993. Additional cash of $25.3 million in 1994 and $33.6 million in 1993 was generated from the sale of stock to employees, including the related tax benefit, under the Company's stock option and stock purchase plans.

Cash was used to fund additions to property, plant and equipment of $29.6 million in 1994 and $32.2 million in 1993. The total capital spending over the two years of $61.8 million was less than depreciation expense, creating a decrease in the Company's net investment in property plant and equipment.

Property, plant and equipment declined from $185.1 million at the beginning of 1993 to $183.6 million at the end of 1994. The Company also invested $19.8 million in a U.S. Treasury Bill. In 1993 the Company's Board of Directors authorized the repurchase of 1,000,000 shares of the Company's stock on the open market. Cash of $24.6 million in 1994 and $2.3 million in 1993 was utilized for this buyback of the Company's stock. Cash was also used to retire debt of $1.6 million in 1994 and $14.7 million in 1993. The debt retirement in 1993 included $10.8 million for the repurchase of the Company's outstanding convertible debentures.

The Company believes its cash and cash equivalents balance of $182.8 million, together with other sources of funds, including marketable securities of $19.8 million, cash flow generated from operations, and the available borrowing capacity of $80.0 million under its line of credit agreement, will be sufficient to meet working capital and capital expenditure requirements in 1995.

Inflation has not had a significant long-term impact on earnings. If there was inflation, the Company's efforts to cover cost increases with price increases could be frustrated in the short-term by its relatively high backlog.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Directors and Shareholders of
TERADYNE, INC.:

We have audited the consolidated financial statements of Teradyne, Inc. and Subsidiaries listed below. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teradyne, Inc. and Subsidiaries as of December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Boston, Massachusetts
January 20, 1995

CONSOLIDATED FINANCIAL STATEMENTS COVERED BY THE REPORT OF INDEPENDENT ACCOUNTANTS

Consolidated Financial Statements filed in Item 8:

Balance Sheets as of December 31, 1994 and 1993

Statements of Income for the years ended December 31, 1994, 1993 and 1992

Statements of Cash Flows for the years ended December 31, 1994, 1993 and 1992

Statements of Changes in Shareholders' Equity for the years ended December 31, 1994, 1993 and 1992

TERADYNE, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1994 AND 1993

ASSETS

	1994	1993
	(DOLLARS IN THOUSANDS)	
Current assets:		
Cash and cash equivalents	$182,811	$143,578
Marketable securities (Note B)	19,766	
Accounts receivable - trade - less allowance for doubtful accounts of $1,957 in 1994 and $1,990 in 1993	129,074	101,669
Inventories:		
Parts	49,216	43,452
Assemblies in process	42,667	34,258
	91,883	77,710
Refundable income taxes	1,064	2,049
Deferred tax assets (Note K)	14,767	10,973
Prepayments and other current assets	7,294	4,596
Total current assets	446,659	340,575
Property (Note C):		
Land	19,482	19,482
Buildings and improvements	113,660	112,290
Machinery and equipment	255,039	245,151
Construction in progress	7,067	3,259
Total	395,248	380,182
Less: Accumulated depreciation	(211,606)	(194,103)
Net property	183,642	186,079
Deferred charges and other assets	25,641	17,789
Total assets	$655,942	$544,443

LIABILITIES

Current liabilities:		
Notes payable - banks	$ 8,431	$ 7,574
Current portion of long-term debt (Note C)	250	521
Accounts payable - trade	13,305	10,972
Accrued employees' compensation and withholdings	38,263	34,856
Unearned service revenue and customer advances	46,386	22,665
Other accrued liabilities	27,088	28,942
Income taxes payable	5,437	1,024
Total current liabilities	139,160	106,554
Deferred tax liabilities (Note K)	14,722	8,643
Long-term debt (Note C)	8,806	9,138
Commitments (Notes E and F)		
Total liabilities	162,688	124,335

SHAREHOLDERS' EQUITY

Common stock $0.125 par value, authorized 75,000,000 shares, issued and outstanding after deduction of reacquired shares, 36,351,527 in 1994 and 35,687,256 in 1993 (Notes D, G, H, I, and J)	4,544	4,461
Additional paid-in capital	248,497	247,843
Retained earnings	240,213	167,804
Total shareholders' equity	493,254	420,108
Total liabilities and shareholders' equity	$655,942	$544,443

The accompanying notes are an integral part of the consolidated financial statements.

TERADYNE, INC.
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	1994	1993	1992
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Net sales	$677,440	$554,734	$529,581
Expenses:			
Cost of sales	378,933	314,596	312,478
Engineering and development	70,442	62,356	62,023
Selling and administrative	129,935	126,508	127,427
	579,310	503,460	501,928
Income from operations	98,130	51,274	27,653
Other income (expense):			
Interest income	6,394	3,649	2,529
Interest expense	(1,712)	(3,604)	(4,114)
Income before income taxes and extraordinary item	102,812	51,319	26,068
Provision for income taxes (Note K)	31,871	15,396	3,520
Income before extraordinary item	70,941	35,923	22,548
Extraordinary item, less applicable income taxes of $313 (Note D)		(729)	
Net income	$ 70,941	$ 35,194	$ 22,548
Income per common share:			
Income before extraordinary item	$ 1.91	$ 1.00	$ 0.67
Extraordinary item, net of income taxes		(0.02)	
Net income per common share	$ 1.91	$ 0.98	$ 0.67
Shares used in calculations of income per common share (000's)	37,095	35,832	33,850

The accompanying notes are an integral part of the consolidated financial statements.

TERADYNE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31, 1994	1993	1992
	(DOLLARS IN THOUSANDS)		
Cash flows from operating activities:			
Net income	$ 70,941	$ 35,194	$ 22,548
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	31,544	30,767	31,066
Amortization	3,756	3,775	4,270
Deferred income taxes	1,494	3,828	(162)
Extraordinary loss on retirement of debt		1,042	
Other non-cash items, net	1,752	1,544	282
Changes in operating assets and liabilities:			
Accounts receivable	(27,405)	18,487	(8,237)
Inventories	(14,173)	(12,114)	(3,773)
Refundable income taxes	985	1	(1,140)
Other assets	(13,547)	(5,705)	(4,145)
Accounts payable and accruals	29,645	14,423	1,323
Income taxes payable	4,413	556	(1,342)
Net cash provided by operating activities	89,405	91,798	40,690
Cash flows from investing activities:			
Additions to property	(24,556)	(20,568)	(19,471)
Increase in equipment manufactured by the Company	(5,003)	(11,633)	(8,759)
Purchase of marketable securities	(19,766)		
Proceeds from sale of investment in joint venture			1,395
Net cash used in investing activities	(49,325)	(32,201)	(26,835)
Cash flows from financing activities:			
Proceeds from long-term debt			3,205
Payments of long-term debt	(1,584)	(3,940)	(741)
Payment to retire convertible subordinated debentures		(10,780)	
Issuance of common stock under stock option and stock purchase plans	17,059	24,652	13,269
Tax benefit from stock options	8,275	8,943	2,383
Acquisition of treasury stock	(24,597)	(2,277)	
Net cash (used in) provided by financing activities	(847)	16,598	18,116
Increase in cash and cash equivalents	39,233	76,195	31,971
Cash and cash equivalents at beginning of year	143,578	67,383	35,412
Cash and cash equivalents at end of year	$182,811	$143,578	$ 67,383
Supplementary disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 1,643	$ 4,434	$ 4,230
Income taxes	15,716	1,755	3,781

The accompanying notes are an integral part of the consolidated financial statements.

TERADYNE, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

	SHARES ISSUED	SHARES REACQUIRED	COMMON STOCK PAR VALUE	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
			(DOLLARS IN THOUSANDS)		
Balance, December 31, 1991	31,793,201	468,600	$ 3,916	$191,002	$111,530
Issuance of stock to:					

Employees under Stock Option Plans (Note G)	1,025,104	86,318	117	8,096	
Trustees of Savings Plan (Note H)	200,000		25	1,875	
Employees under Stock Purchase Plan (Note I)	582,273		73	3,083	
Tax benefit from stock options				2,383	
Net income					22,548
Balance, December 31, 1992	33,600,578	554,918	4,131	206,439	134,078
Tax benefit from stock options upon adoption of SFAS 109 (Note K)				5,734	
Issuance of stock to:					
Employees under Stock Option Plans (Note G)	2,012,778	87,054	241	17,361	
Trustees of Savings Plan (Note H)	335,000		42	3,141	
Employees under Stock Purchase Plan (Note I)	295,867		37	3,830	
Issuance of stock upon conversion of convertible subordinated debentures (Note D)	210,585		26	4,656	
Repurchase of stock		125,580	(16)	(2,261)	
Tax benefit from stock options				8,943	
Net income					35,194
Pension adjustment (Note F)					(1,468)
Balance, December 31, 1993	36,454,808	767,552	4,461	247,843	167,804
Issuance of stock to:					
Employees under Stock Option Plans (Note G)	919,850	17,303	113	9,620	
Trustees of Savings Plan (Note H)	265,000		33	2,484	
Employees under Stock Purchase Plan (Note I)	375,124		47	4,762	
Repurchase of stock		878,400	(110)	(24,487)	
Tax benefit from stock options				8,275	
Net income					70,941
Pension adjustment (Note F)					1,468
Balance, December 31, 1994	38,014,782	1,663,255	$ 4,544	$248,497	$240,213

The accompanying notes are an integral part of the consolidated financial statements.

TERADYNE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Teradyne, Inc. and its subsidiaries, all of which are wholly owned (referred to collectively in these notes as the "Company"). All significant intercompany balances and transactions are eliminated. Certain prior years' amounts have been reclassified to conform to the current year presentation.

Inventories

Inventories are stated at the lower of cost (first-in, first-out basis) or market (net realizable value).

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Leasehold improvements and major renewals are capitalized and included in property, plant and equipment accounts while expenditures for maintenance and repairs and minor renewals are charged to expense. When assets are retired, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in operations.

The Company provides for depreciation of its property principally on the straight-line method by charges to expense which are sufficient to write-off the cost of the assets over their estimated useful lives.

Revenue Recognition

Revenue is recorded when products are shipped or, in instances where products are configured to customer requirements, upon the successful completion of test procedures. Service revenue is recognized ratably over applicable contract periods or as services are performed. In certain situations, revenue is recorded using the percentage of completion method based upon the completion of measurable milestones, with changes to total estimated costs and anticipated losses, if any, recognized in the period in which determined.

Engineering and Development Costs

The Company's products are highly technical in nature and require a large and continuing engineering and development effort. All engineering and development costs are expensed as incurred.

Income Taxes

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes." Under SFAS 109, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon weighted available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company's practice is to provide U.S. federal taxes on undistributed earnings of the Company's foreign sales and service subsidiaries.

Translation of Foreign Currencies

Assets and liabilities of foreign subsidiaries which are denominated in foreign currencies are remeasured into U.S. dollars at rates of exchange in effect at the end of the fiscal year except fixed assets which are remeasured using historical exchange rates. Revenue and expense accounts are remeasured using an average of exchange rates in effect during the year. Net realized and unrealized gains and losses resulting from foreign currency remeasurement are included in operations.

A. ACCOUNTING POLICIES - (CONTINUED)

Net Income Per Common Share

Net income per common share is based upon the weighted average number of common and common equivalent shares (when dilutive) outstanding each year. Common equivalent shares result from the assumed exercise of outstanding stock options. The proceeds of which are then assumed to have been used to repurchase outstanding common stock at the average market price during the year.

B. FINANCIAL INSTRUMENTS

Fair Value

The Company considers all highly liquid temporary cash investments with maturities of three months or less at date of acquisition to be cash equivalents. At December 31, 1994 marketable securities consist of a short-term investment in a U.S. Treasury Bill with an original maturity of greater than three months. Marketable securities and cash equivalents are carried at amortized cost plus accrued interest, which approximates fair value. The Company's debt consists of subsidized loans whose fair value is not practicable to estimate. For all other balance sheet financial instruments, the carrying amount approximates fair value.

Off-Balance Sheet Risk

The Company regularly enters into forward foreign exchange contracts in

European and Japanese currencies to hedge assets, liabilities, and transactions denominated in foreign currencies, for periods consistent with its committed exposures. These contracts are used to reduce the Company's risk associated with exchange rate movements, as gains and losses on these contracts are intended to offset foreign exchange losses and gains on the assets, liabilities, and transactions being hedged. Forward foreign exchange contracts have maturities of less than one year, unless they relate to long term sales contracts denominated in foreign currency; these maturities are from one to three years.

At December 31, 1994 and 1993, the face amount of forward foreign exchange contracts outstanding was $67.9 million and $51.9 million, respectively. The fair value of such contracts at December 31, 1994, determined by applying the year end foreign currency exchange rates to the contract amounts, was immaterial.

The Company's policy is to defer gains and losses on these contracts until the corresponding losses and gains are recognized on the items being hedged. During 1994, the Company recorded in other current assets a $2.9 million loss on a deferred forward foreign exchange contract relating to a long term sales contract denominated in foreign currency. This loss will serve to offset foreign exchange transaction gains to be recognized on the contract revenue.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash investments and trade accounts receivable. Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of diverse and geographically dispersed customers. The Company maintains cash investments primarily in U.S. government obligations which essentially have no credit risk.

C. DEBT

Long-term debt at December 31, 1994 and 1993 consisted of the following (in thousands):

	1994	1993
Mortgage note payable	$5,040	$4,500
Industrial revenue bonds		1,333
Other long-term debt	4,016	3,826
Total	9,056	9,659
Less current maturities	250	521
	$8,806	$9,138

The total maturities of long-term debt for each of the next five years are $0.3 million.

Revolving Credit Agreement

The Company has $80.0 million of revolving credit available through January 31, 1996 under a domestic line of credit agreement with its banks. Under the terms of the agreement, any amounts outstanding at January 31, 1996 are converted into a one year term note. As of December 31, 1994, no amounts were outstanding under this agreement. The terms of this line of credit include restrictive covenants regarding working capital, tangible net worth and leverage. Interest rates on borrowings are either at the stated prime rate or based upon Eurocurrency or certificate of deposit interest rates. Additional borrowings up to $30.0 million are permitted outside the agreement provided that the liabilities of the Company, exclusive of deferred income taxes and subordinated debt, shall not exceed 100% of the Company's tangible net worth.

Mortgage Note Payable

The Company received a loan of $4.5 million from the Boston Redevelopment Authority in the form of a 3% mortgage loan maturing March 31, 2013. This loan is collateralized by a mortgage on the Company's property at 321 Harrison Avenue which may, at the Company's option, become subordinated to another mortgage up to a maximum of $5.0 million. Interest for the first 4 1/2 years of the note was capitalized up to a principle amount of $5.0 million. Since September 30, 1987, the Company has been making semi-annual interest payments.

Other Long-term Debt

At December 31, 1994, other long-term debt consists of a Japanese yen-denominated note with an interest rate of 4.8%, secured by land in Kumamoto, Japan, with interest only payable until March 31, 1995, and principal and interest payable in monthly installments from April 28, 1995 to March 30, 2007.

Short-term Borrowings

The weighted average interest rate on short-term borrowings outstanding as of December 31, 1994 and 1993 was 3.2% and 3.4%, respectively.

D. CONVERTIBLE SUBORDINATED DEBENTURES

During 1993, $5.0 million principle amount of debentures was converted into 210,585 shares of common stock resulting in an increase of $4.7 million of shareholders' equity (net of the related $0.3 million unamortized debt issue costs). On November 19, 1993, the Company exercised its option to repurchase the remaining $10.4 million outstanding debentures. The Company used $10.8 million of available cash from operations to repurchase the debentures at a premium of 103.7% of the principal amount. The premium amount and the write-off of the remaining unamortized debt issue cost resulted in a charge of $1.0 million. This charge, net of the related taxes of $0.3 million, is reflected as an extraordinary loss in the Consolidated Statements of Income.

E. COMMITMENTS

Rental expense for the years ended December 31, 1994, 1993, and 1992 was $10.2 million, $11.2 million, and $12.6 million, respectively. Minimum annual rentals under all noncancellable leases are: 1995 - $6.5 million; 1996 - $3.2 million; 1997 - $1.7 million; 1998 - $1.4 million; 1999 - $1.1 million; and $5.7 million thereafter, totaling $19.6 million. Offsetting the future lease payments, the Company's income from noncancellable subleases totals $0.7 million.

F. PENSION PLANS

The Company has defined benefit pension plans covering substantially all domestic employees and employees of certain international subsidiaries. Benefits under these plans are based on the employee's years of service and compensation. The Company's funding policy is to make contributions to the plans in accordance with local laws and to the extent that such contributions are tax deductible. The assets of the plans consist primarily of equity and fixed income securities.

The components of net pension expense are summarized as follows (in thousands):

	1994	1993	1992

Service cost (benefits earned during the period)........	$3,627	$2,876	$2,474
Interest cost on projected benefit obligation..........	3,708	3,065	2,408
Actual return on plan assets...........................	1,537	(3,802)	(1,688)
Net amortization and deferral..........................	(4,371)	863	(484)
Net pension expense....................................	$4,501	$3,002	$2,710

The following table sets forth the plans' funded status at December 31 (in thousands):

	1994		1993	
	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN
Actuarial present value of projected benefit obligation:				
Vested benefits............................	$(32,673)	$(5,134)	$(33,874)	$(4,051)
Non-vested benefits........................	(2,254)	(603)	(2,348)	(522)
Accumulated benefit obligation..................	(34,927)	(5,737)	(36,222)	(4,573)
Effect of projected future compensation levels.......................................	(5,483)	(2,818)	(7,731)	(2,314)
Total projected benefit obligation..............	(40,410)	(8,555)	(43,953)	(6,887)
Plan assets at fair market value................	35,532	4,312	35,633	3,963
Projected benefit obligation in excess of plan assets.......................................	(4,878)	(4,243)	(8,320)	(2,924)
Unrecognized prior service cost.................	3,613	2,000	4,585	1,930
Unrecognized net loss (gain)....................	7,133	(465)	10,718	(1,389)
Unrecognized net (asset) liability at transition...................................	(485)	(501)	(727)	(546)
Minimum pension liability adjustment............		(219)	(6,844)	
Net pension asset (liability)...................	$ 5,383	$(3,428)	$ (588)	$(2,929)
Actuarial assumptions:				
Discount rate................................	8.5%	5.5- 9.0%	7.5%	5.5- 9.0%
Average increase in compensation levels.......	5%	4.6- 7.0%	5%	4.6- 7.0%
Expected long-term return on assets...........	9%	5.5-10.5%	10%	5.5-10.5%

In accordance with the provisions of Financial Accounting Standards No. 87, the Company recorded a minimum pension liability adjustment of $6.8 million at December 31, 1993, representing the excess of accumulated benefit obligations over the fair value of plan assets and accrued pension liabilities. The additional liability was offset by an intangible asset to the extent of previously unrecognized prior service cost of $4.6 million. The amount in excess of previously unrecognized prior service cost was recorded as a reduction of shareholder's equity in the amount of $1.5 million, net of applicable deferred income taxes of $0.7 million. In 1994, this adjustment was reversed as the plan assets exceeded the accumulated benefit obligation.

In addition to the above plans, the Company in 1993 established an unfunded supplemental defined benefit pension plan in the United States to provide retirement benefits in excess of levels allowed by the Employee Retirement Income Security Act (ERISA). The actuarial present value of accumulated plan benefits totaled $1.3 million and $1.1 million at December 31, 1994 and 1993, respectively. Net pension expense was $0.4 million in 1994 and 1993.

G. STOCK OPTION PLANS

Under its stock option plans, the Company granted options to certain directors, officers and employees entitling them to purchase common stock at

100% of market value at the date of grant.

Information with respect to options granted, forfeited, and exercised is set forth below:

	SHARES AVAILABLE FOR GRANT	OUTSTANDING OPTIONS NUMBER OF SHARES	PRICE RANGE
Balance -- December 31, 1991	3,470,698	4,605,867	$ 4.25- $ 26.25
Options granted	(1,157,450)	1,157,450	$ 16.63- $ 17.38
Options exercised		(1,025,104)	$ 5.12- $ 12.25
Options canceled	206,490	(206,490)	$ 6.63- $ 26.25
Options terminated	(383,938)		-- --
Balance -- December 31, 1992	2,135,800	4,531,723	$ 4.25- $ 17.38
Options authorized	3,000,000		-- --
Options granted	(1,214,350)	1,214,350	$ 14.13- $ 24.88
Options exercised		(2,012,778)	$ 4.25- $ 17.75
Options canceled	102,655	(102,655)	$ 6.63- $ 17.38
Options terminated	(25,790)		-- --
Balance -- December 31, 1993	3,998,315	3,630,640	$ 4.25- $ 24.88
Options granted	(962,370)	962,370	$ 25.75- $ 29.63
Options exercised		(919,850)	$ 6.63- $ 9.50
Options canceled	99,760	(99,760)	$ 4.25- $ 25.75
Options terminated	(16,640)		-- --
Balance -- December 31, 1994	3,119,065	3,573,400	$ 6.63- $ 29.63
Options exercisable on December 31, 1994		1,492,161	$ 6.63- $ 25.75

There were no charges to income in connection with these options other than incidental expenses related to the issuance of shares.

H. SAVINGS PLAN

The Company sponsors a Savings Plan covering substantially all domestic employees. Under this plan, employees may contribute up to 12% of their compensation (subject to Internal Revenue Service limitations). The Company annually matches employee contributions up to 6% of such compensation at rates ranging from 50% to 100%. The Company's contributions vest after two years, although contributions for those employees with five years of service vest immediately.

The trustees of the Savings Plan were granted an option to purchase 900,000 shares of the Company's common stock, exercisable at $9.50 per share (the fair market value of the Company's common stock at the date of the grant) in five cumulative annual installments beginning in 1990. In 1994, the trustees exercised the remaining 265,000 shares. Under the terms of the Plan, any gains realized from the sale of option shares are first allocated to participants' accounts to fund up to one-half of the minimum Company contribution. Any excess is applied to additional funding.

In 1994, the Company established a Supplemental Savings Plan to provide savings benefits in excess of those allowed by ERISA. The provisions of which are the same as the Savings Plan.

Under these plans, the amount charged to operations was $2.0 million in 1994, 1993 and 1992.

I. EMPLOYEE STOCK PURCHASE PLAN

Under the 1979 Stock Purchase Plan, employees are entitled to purchase shares of common stock through payroll deductions of up to 10% of their compensation. The price paid for the common stock is equal to 85% of the lower of the fair market value of the Company's common stock on either the first or last business day of the year. In January 1995, the Company issued 245,229 shares of common stock to employees who participated in the Plan during 1994 at a price of $22.74 per share. During 1994, the Company amended the Plan to increase the number of shares authorized thereunder by 400,000 shares. Currently there are 560,640 shares reserved for issuance.

J. STOCKHOLDER RIGHTS PLAN

The Company's Board of Directors adopted a Stockholder Rights Plan on March 14, 1990, under which a dividend of one Common Stock Purchase Right was distributed for each outstanding share of Common Stock. The Plan entitles Stock Purchase Right holders to purchase shares of Company Common Stock for $40 per share in certain events, such as a tender offer to acquire 30% or more of the Company's outstanding shares. Under some circumstances, such as a determination by Continuing Directors that an acquiring party's interests are adverse to those of the Company, the Plan entitles such holders (other than an acquiring party or adverse party) to purchase $80 worth of Common Stock (or other securities or consideration owned by the Company) for $40. The Plan will expire March 26, 2000 unless earlier redeemed by the Company.

K. INCOME TAXES

The components of income before income taxes and extraordinary item and the provision for income taxes as shown in the Consolidated Statement of Income are as follows (in thousands):

	1994	1993	1992
Income (loss) before income taxes and extraordinary item:			
Domestic	$ 85,403	$51,142	$27,795
Foreign	17,409	177	(1,727)
	$102,812	$51,319	$26,068
Provision (credit) for income taxes:			
Current:			
Federal	$ 23,795	$ 8,308	$ 2,676
Foreign	2,840	1,194	(19)
State	3,742	1,753	1,025
	30,377	11,255	3,682
Deferred:			
Federal	1,386	3,590	96
Foreign	492	259	(58)
State	(384)	292	(200)
	1,494	4,141	(162)
Total provision for income taxes	$ 31,871	$15,396	$ 3,520

Under SFAS 109, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets (liabilities) as of December 31, 1994 and 1993 are as follows (in thousands):

	1994	1993

Deferred tax assets:		
Inventory valuations	$ 1,104	$ 808
Accruals	2,249	2,703
Vacation	3,121	2,751
Deferred revenue	7,262	777
Federal net operating loss carryforwards		2,939
Foreign net operating loss carryforwards	1,041	3,417
Tax credits	2,698	4,075
Other	2,044	1,786
Total deferred tax assets	19,519	19,256
Deferred tax liabilities:		
Excess of tax over book depreciation	(11,613)	(11,399)
Amortization	(3,306)	
Pension	(1,948)	(1,207)
Other	(563)	(969)
Total deferred tax liabilities	(17,430)	(13,575)
Valuation allowance	(2,044)	(3,351)
Net deferred asset	$ 45	$ 2,330

As of December 31, 1994, the valuation allowance principally applies to U.S. foreign tax credit carryforwards that may not be fully utilized by the Company. For foreign tax return purposes, the Company has approximately $3.0 million of net operating loss carryforwards which may be carried forward indefinitely.

Below is a reconciliation of the effective tax rates for the three years indicated:

	1994	1993	1992
U.S. statutory federal tax rate	35.0%	35.0%	34.0%
State income taxes, net of federal tax benefit	2.4	2.6	1.3
Utilization of operating loss carryforwards		(0.8)	(23.0)
Foreign losses not tax benefited		1.2	4.9
Tax credits	(0.4)	(3.5)	
Foreign sales corporation	(2.9)	(2.4)	(2.3)
Change in valuation allowance	(1.3)		
Other, net	(1.8)	(2.1)	(1.4)
Effective tax rate	31.0%	30.0%	13.5%

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes." As permitted by SFAS 109, the Company has elected not to restate its financial statements for any periods prior to 1993. The effect on operations for 1993 was immaterial. However, upon adoption of SFAS 109 the Company increased Additional Paid-in Capital by $5.7 million relating to the tax benefits to be derived from the utilization of U.S. net operating loss carryforward amounts resulting from tax deductions pertaining to the issuance of the Company's stock to employees under its benefit plans.

L. INDUSTRY SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates principally in two industry segments, which are the design, manufacturing and marketing of electronic test systems and backplane connection systems. Corporate assets consist principally of cash and cash equivalents, marketable securities, accounts receivable and certain other assets.

		ELECTRONIC TEST SYSTEMS INDUSTRY SEGMENT	BACKPLANE CONNECTION SYSTEMS INDUSTRY SEGMENT	CORPORATE AND ELIMINATIONS	CONSOLIDATED
		(IN THOUSANDS)			
1994	Sales to unaffiliated customers........	$ 545,638	$ 131,802		$ 677,440
	Intersegment sales.....................		5,050	$ (5,050)	
	Net sales.............................	545,638	136,852	(5,050)	677,440
	Operating income.......................	92,986	18,449	(13,305)	98,130
	Identifiable assets....................	343,467	82,820	229,655	655,942
	Property additions.....................	19,699	9,005	855	29,559
	Depreciation and amortization expense..	28,706	5,754	840	35,300
1993	Sales to unaffiliated customers........	$ 466,305	$ 88,429		$ 554,734
	Intersegment sales.....................		4,185	$ (4,185)	
	Net sales.............................	466,305	92,614	(4,185)	554,734
	Operating income.......................	57,493	7,652	(13,871)	51,274
	Identifiable assets....................	322,437	64,705	157,301	544,443
	Property additions.....................	26,374	5,526	301	32,201
	Depreciation and amortization expense..	27,944	5,545	1,053	34,542
1992	Sales to unaffiliated customers........	$ 446,885	$ 82,696		$ 529,581
	Intersegment sales.....................		4,061	$ (4,061)	
	Net sales.............................	446,885	86,757	(4,061)	529,581
	Operating income.......................	32,436	6,075	(10,858)	27,653
	Identifiable assets....................	304,471	60,005	96,579	461,055
	Property additions.....................	20,780	6,525	925	28,230
	Depreciation and amortization expense..	28,414	5,792	1,130	35,336

The Company's sales to unaffiliated customers for the three years ended December 31 were made to customers in the following geographic areas:

	1994	1993	1992
		(IN THOUSANDS)	
Sales to unaffiliated customers:			
United States....................................	$366,302	$329,729	$308,635
Europe...	127,895	95,877	97,681
Asia Pacific region..............................	94,999	64,963	49,452
Japan..	66,316	49,146	62,680
Other..	21,928	15,019	11,133
Total sales......................................	$677,440	$554,734	$529,581

See "Item 1: Business - Marketing and Sales" elsewhere in this report for information on the Company's export activities, identifiable assets of foreign subsidiaries, and major customers.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

Quarterly financial information for 1994 and 1993 (in thousands of dollars, except per share amounts):

	1994			
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Net sales.......................................	$ 152,012	$ 156,497	$ 178,840	$ 190,091
Expenses:				
Cost of sales...............................	85,662	87,342	99,964	105,965

Engineering and development	15,857	17,305	17,934	19,346
Selling and administrative	31,871	31,764	32,148	34,152
	133,390	136,411	150,046	159,463
Income from operations	18,622	20,086	28,794	30,628
Other income (expense):				
Interest income	1,088	1,237	1,708	2,361
Interest expense	(470)	(399)	(413)	(430)
Income before income taxes	19,240	20,924	30,089	32,559
Provision for income taxes	5,772	6,277	9,729	10,093
Net income	$ 13,468	$ 14,647	$ 20,360	$ 22,466
Net income per common share	$ 0.36	$ 0.40	$ 0.55	$ 0.60

	1993			
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Net sales	$ 127,779	$ 139,336	$ 140,279	$ 147,340
Expenses:				
Cost of sales	73,476	80,666	78,213	82,241
Engineering and development	15,154	15,035	15,684	16,483
Selling and administrative	31,141	32,557	32,073	30,737
	119,771	128,258	125,970	129,461
Income from operations	8,008	11,078	14,309	17,879
Other income (expense):				
Interest income	714	843	1,064	1,028
Interest expense	(1,028)	(982)	(937)	(657)
Income before income taxes and extraordinary item	7,694	10,939	14,436	18,250
Provision for income taxes	2,308	3,282	4,331	5,475
Income before extraordinary item	5,386	7,657	10,105	12,775
Extraordinary item (net of income taxes)	0	0	0	(729)
Net income	$ 5,386	$ 7,657	$ 10,105	$ 12,046
Income per common share:				
Income before extraordinary item	$ 0.16	$ 0.21	$ 0.28	$ 0.35
Extraordinary item				(0.02)
Net income	$ 0.16	$ 0.21	$ 0.28	$ 0.33

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information relating to directors and executive officers of the Company, executive compensation, security ownership of certain beneficial owners and management, and certain relationships and related transactions is incorporated by reference herein from the Company's definitive proxy statement in connection with its Annual Meeting of Shareholders to be held on May 24, 1995, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the fiscal year. For this purpose, the Management Compensation and Development Committee Report and Performance Graph included in such proxy statement are specifically not incorporated herein. (Also see "Item 1 - Executive Officers of the Company" elsewhere in this report.)

ITEM 11: EXECUTIVE COMPENSATION

Certain information relating to directors and executive officers of the Company, executive compensation, security ownership of certain beneficial owners and management, and certain relationships and related transactions is incorporated by reference herein from the Company's definitive proxy statement in connection with its Annual Meeting of Shareholders to be held on May 24, 1995, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the fiscal year. For this purpose, the Management Compensation and Development Committee Report and Performance Graph included in such proxy statement are specifically not incorporated herein.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Certain information relating to directors and executive officers of the Company, executive compensation, security ownership of certain beneficial owners and management, and certain relationships and related transactions is incorporated by reference herein from the Company's definitive proxy statement in connection with its Annual Meeting of Shareholders to be held on May 24, 1995, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the fiscal year. For this purpose, the Management Compensation and Development Committee Report and Performance Graph included in such proxy statement are specifically not incorporated herein.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain information relating to directors and executive officers of the Company, executive compensation, security ownership of certain beneficial owners and management, and certain relationships and related transactions is incorporated by reference herein from the Company's definitive proxy statement in connection with its Annual Meeting of Shareholders to be held on May 24, 1995, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the fiscal year. For this purpose, the Management Compensation and Development Committee Report and Performance Graph included in such proxy statement are specifically not incorporated herein.

PART IV

ITEM 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) 1. FINANCIAL STATEMENTS

The following consolidated financial statements are included in Item 8:

Balance Sheets as of December 31, 1994 and 1993
Statements of Income for the years ended December 31, 1994, 1993 and 1992
Statements of Cash Flows for the years ended December 31, 1994, 1993 and 1992
Statements of Changes in Shareholders' Equity for the years ended December 31, 1994, 1993 and 1992

(A) 2. FINANCIAL STATEMENT SCHEDULES

Financial statement schedules have been omitted since either they are not required or the information is otherwise included.

(A) 3. LISTING OF EXHIBITS

The Exhibits which are filed with this report or which are incorporated by reference herein are set forth in the Exhibit Index.

Executive Compensation Plans and Arrangements:

1. 1987 Non-Employee Director Stock Option Plan (filed as Exhibit

3.10(iii) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).

2. Teradyne, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 3.10(iv) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) 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 THIS 23RD DAY OF MARCH, 1995.

TERADYNE, INC.

By: OWEN W. ROBBINS

Owen W. Robbins,
Executive Vice President

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
ALEXANDER V. d'ARBELOFF -- Alexander V. d'Arbeloff	President and Chairman of the Board (Principal Executive Officer)	March 23, 1995
OWEN W. ROBBINS -- Owen W. Robbins	Executive Vice President and Director (Principal Financial Officer)	March 23, 1995
DONALD J. HAMMAN -- Donald J. Hamman	Controller	March 23, 1995
-- Edwin L. Artzt	Director	March , 1995
ALBERT CARNESALE -- Albert Carnesale	Director	March 23, 1995
DANIEL S. GREGORY -- Daniel S. Gregory	Director	March 23, 1995
-- Dwight H. Hibbard	Director	March , 1995
-- Franklin P. Johnson, Jr.	Director	March , 1995
JOHN P. MULRONEY -- John P. Mulroney	Director	March 23, 1995
JAMES A. PRESTRIDGE -- James A. Prestridge	Executive Vice President and Director	March 23, 1995
RICHARD J. TESTA --	Director	March 23, 1995

Richard J. Testa

EXHIBIT INDEX

The following designated exhibits are, as indicated below, either filed herewith or have heretofore been filed with the Securities and Exchange Commission and are referred to and incorporated by reference to such filings.

EXHIBIT NO.	DESCRIPTION	SEC DOCUMENT REFERENCE
3.1	Restated Articles of Organization of the Company, as amended	Exhibit 4.1 to the Company's Form S-3 Registration Statement No. 33-44347, effective December 12, 1991.
3.2	Amended and Restated Bylaws of the Company	Exhibit 3.3(iii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.
4.1	Indenture dated as of March 15, 1987 between Zehntel, Inc. and the Bank of California, National Association, Trustees	Exhibit 2.3 to the Company's Registration Statement on Form 8-A No. 0-16446, effective February 17, 1988.
4.2	First Supplemental Indenture between the Company, Zehntel, Inc. and the Bank of California, National Association, Trustee, dated as of December 1, 1987	Exhibit 2.4 to the Company's Registration Statement on Form 8-A No. 0-16446, effective February 17, 1988.
4.3	Second Supplemental Indenture by and among the Company, Zehntel, Inc. and Bankers Trust Company of California, N.A.	Exhibit 3.4(iii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989.
4.4	Instrument of Acknowledgment of Satisfaction and Discharge of Indenture and Securities executed by First Trust of California, National Association, successor trustee	Exhibit 3.4(iv) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.
4.5	Rights Agreement between the Company and The First National Bank of Boston dated as of March 14, 1990	Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 15, 1990.
10.1	Multicurrency Revolving Credit Agreement dated April 29, 1991	Exhibit to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 1991.
10.2	First Amendment to Multicurrency Revolving Credit Agreement dated as of March 5, 1993	Exhibit 3.10 (ii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.
10.3	1987 Non-Employee Director Stock Option Plan	Exhibit 3.10(iii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.
10.4	Teradyne, Inc. Supplemental Executive Retirement Plan	Exhibit 3.10(iv) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.
10.5	1991 Employee Stock Option Plan, as amended	
10.6	1979 Stock Purchase Plan, as amended	
22.1	Subsidiaries of the Company	
23.1	Consent of Coopers & Lybrand L.L.P.	

EXHIBIT 10.5

TERADYNE, INC.

1991 EMPLOYEE STOCK OPTION PLAN

(Amended and Restated as of May 27, 1993)

1. PURPOSE. This 1991 Employee Stock Option Plan (the "Plan") is intended to provide incentives (a) to the employees of Teradyne, Inc. (the "Company"), its parent (if any) and any present or future subsidiaries of the Company (collectively, "Related Corporations") by providing them with opportunities to purchase stock in the Company pursuant to options which qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), granted hereunder ("ISO" or "ISOs"); and (b) to directors, employees and consultants of the Company and Related Corporations by providing them with opportunities to purchase stock in the Company pursuant to non-statutory stock options granted hereunder ("NSO" or "NSOs"). Both ISOs and NSOs are referred to hereafter individually as an "Option" and collectively as "Options." As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation" as those terms are defined in Section 425 of the Code.

2. Administration of the Plan.

A. BOARD OR COMMITTEE ADMINISTRATION. The Plan shall be administered by the Board of Directors of the Company (the "Board") or by a committee appointed by the Board (the "Committee"); PROVIDED, that to the extent required by Rule 16b-3 of the Securities and Exchange Commission ("Rule 16b-3") under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), with respect to specific grants of Options, the Plan shall be administered by a disinterested administrator or administrators within the meaning of Rule 16b-3. Hereinafter all references in this Plan to the "Committee" shall mean the Board if no Committee has been appointed. Subject to ratification of the grant of each Option by the Board (if so required by applicable state law), and subject to the terms of the Plan, the Committee shall have the authority to (i) determine the employees of the Company and Related Corporations (from among the class of employees eligible under paragraph 3 to receive ISOs) to whom ISOs may be granted, and to determine the individuals and entities (from among the class of individuals and entities eligible under paragraph 3 to receive NSOs) to whom NSOs may be granted; (ii) determine the time or times at which Options may be granted; (iii) determine the option price of shares subject to each Option; (iv) determine whether each Option granted shall be an ISO or a NSO; (v) determine (subject to paragraph 7) the time or times when each Option shall become exercisable and the duration of the exercise period;

(vi) determine whether restrictions such as repurchase options are to be imposed on shares subject to Options, and the nature of such restrictions if any, and (vii) interpret the Plan and prescribe and rescind rules and regulations relating to it. The interpretation and construction by the Committee of any provisions of the Plan or of any Option granted under it shall be final unless otherwise determined by the Board. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it.

3. ELIGIBLE EMPLOYEES AND OTHERS. ISOs may be granted to any employee of the Company or any Related Corporation. NSOs may

be granted to any employee, consultant or director of the Company or any Related Corporation; PROVIDED, that no Option may be granted hereunder to any non-employee director. Granting of any Option to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from, participation in any other grant of Options.

4. STOCK. The stock subject to Options shall be authorized but unissued shares of Common Stock of the Company, par value $.125 per share (the "Common Stock"), or shares of Common Stock reacquired by the Company in any manner. The aggregate number of shares which may be issued pursuant to the Plan is 6,000,000, subject to adjustment as provided in paragraph 13. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto shall again be available for grants of Options under the Plan.

5. GRANTING OF OPTIONS. Options may be granted under the Plan at any time after March 13, 1991 and prior to March 13, 2001. The date of grant of an Option under the Plan will be the date specified by the Committee at the time it grants the Option, provided, however, that such date shall not be prior to the date on which the Committee acts to approve the grant. The Committee shall have the right, with the consent of the optionee, to convert an ISO granted under the Plan to a NSO pursuant to paragraph 16.

6. Minimum Option Price; ISO Limitations.

A. PRICE FOR NSOs. The price per share specified in the agreement relating to each NSO granted under the Plan shall in no event be less than the minimum legal consideration therefor required under the laws of the Commonwealth of Massachusetts. Not more than 200,000 NSOs may be granted under the Plan for less than "fair market value" (as hereinafter defined).

B. PRICE FOR ISOs. The price per share specified in the agreement relating to each ISO granted under the Plan shall not be less than the fair market value per share of Common Stock on the date of such grant. In the case of an ISO to be granted to an employee owning stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share specified in the agreement relating to such ISO shall not be less than 110 percent of the fair market value of Common Stock on the date of grant.

C. $100,000 ANNUAL LIMITATION ON ISOs. Each eligible employee may be granted ISOs only to the extent that, in the aggregate under this Plan and all incentive stock option plans of the Company and any Related Corporation, such ISOs do not become exercisable for the first time by such employee during any calendar year in a manner which would entitle the employee to purchase more than $100,000 in fair market value (determined at the time the ISOs were granted) of Common Stock in that year. Any options granted to an employee in excess of such amount will be granted as Non-Qualified Options.

D. DETERMINATION OF FAIR MARKET VALUE. If, at the time an Option is granted under the Plan, the Company's Common Stock is publicly traded, "fair market value" shall be determined as of the date such Option is granted and shall mean (i) the average (on that date) of the high, low and closing prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the NASDAQ National Market List, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid price (or average of bid prices) last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the NASDAQ National Market List. However, if the Common Stock is not publicly traded at the time an Option is granted under the Plan, "fair market value" shall be deemed to be the fair value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

7. OPTION DURATION. Subject to earlier termination as provided in paragraphs 9 and 10, each Option shall expire on the date specified by the Committee, but not more than (i) ten years and one day from the date of grant in the case of NSOs, (ii) ten years from the date of grant in the case of ISOs generally, and

(iii) five years from the date of grant in the case of ISOs granted to an employee owning stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Related Corporation. Subject to earlier termination as provided in paragraphs 9 and 10, the term of each ISO shall be the term set forth in the original instrument granting such ISO, except with respect to any part of such ISO that is converted into a NSO pursuant to paragraph 16.

8. EXERCISE OF OPTION. Subject to the provisions of paragraphs 9 through 12, each Option granted under the Plan shall be exercisable as follows:

A. VESTING. The Option shall either be fully exercisable on the date of grant or shall become exercisable thereafter in such installments as the Committee may specify.

B. FULL VESTING OF INSTALLMENTS. Once an installment becomes exercisable it shall remain exercisable until expiration or termination of the Option, unless otherwise specified by the Committee.

C. PARTIAL EXERCISE. Each Option or installment may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable.

D. ACCELERATION OF VESTING. The Committee shall have the right to accelerate the date of exercise of any installment of any Option; PROVIDED, that the Committee shall not, without the consent of the optionee, accelerate the exercise date of any installment of any Option granted to any employee as an ISO (and not previously converted into a NSO pursuant to paragraph 16) if such acceleration would violate the annual vesting limitation contained in Section 422 of the Code, as described in paragraph 6(C).

9. TERMINATION OF EMPLOYMENT. If an optionee ceases to be employed by the Company and all Related Corporations other than by reason of death or disability as defined in paragraph 10, no further installments of his Options shall become exercisable, and his Options shall terminate after the passage of 90 days from the date of termination of his employment; PROVIDED, that the Committee may specify that NSOs may remain exercisable for more than 90 days from the date of termination of employment; PROVIDED, FURTHER, that in no event shall any Option or part or installment thereof become or remain exercisable after its specified expiration date. Employment shall be considered as continuing uninterrupted during any bona fide leave of absence (such as those attributable to illness, military obligations or governmental service) provided that the period of such leave does not exceed 90 days or, if longer, any period during which such optionee's right to reemployment is guaranteed by statute. A

bona fide leave of absence with the written approval of the Committee shall not be considered an interruption of employment under the Plan, provided that such written approval contractually obligates the Company or any Related Corporation to continue the employment of the optionee after the approved period of absence. Options granted under the Plan shall not be affected by any change of employment within or among the Company and Related Corporations, so long as the optionee continues to be an employee of the Company or any Related Corporation. Nothing in the Plan shall be deemed to give any grantee of any Option the right to be retained in employment or other service by the Company or any Related Corporation for any period of time.

Notwithstanding anything to the contrary contained above, in the case of normal retirement, NSOs granted to an optionee shall remain exercisable until the date which is the earlier of (i) the NSOs' specified expiration date or (ii) 90 days from the date upon which such optionee becomes employed by a competitor of the Company, to the extent of the number of shares which have vested prior to and during such period. The Committee shall have the absolute discretion to determine whether and as of what date any optionee is employed by a competitor of the Company.

10. Death; Disability.

A. DEATH. If an optionee ceases to be employed by the Company and all Related Corporations by reason of his death, any Option of his may be exercised, to the extent of the number of shares with respect to which he has theretofore been granted options (whether or not such options have vested in accordance with their terms) by his estate, personal representative or beneficiary who has acquired the Option by will or by the laws of descent and distribution, (i) in the case of ISOs, at any time prior to the earlier of the ISOs' specified expiration date or 180 days from the date of the optionee's death or (ii) in the case of NSOs, at any time prior to the earlier of the NSO's specified expiration date or one year from the date of the optionee's death.

B. DISABILITY. If an optionee ceases to be employed by the Company and all Related Corporations by reason of his disability, any Option theretofore granted to such optionee shall remain exercisable until the date which is (i) in the case of ISOs, the earlier of the ISOs' specified expiration date or 180 days from the date of the termination of the optionee's employment or (ii) in the case of NSOs, the earlier of the NSOs' specified expiration date or 33 months from the date of the termination of the optionee's employment, to the extent of the number of shares (a) which, in the case of ISOs, have vested prior to and during the period specified in clause (i) and (b) which, in the case of NSOs, have vested prior to and during the period which is 30 months from the date the optionee ceases to be employed by

the Company. For the purposes of this Plan, the term "disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code or any successor statute.

11. ASSIGNABILITY. No Option shall be assignable or transferable by the optionee except by will or by the laws of descent and distribution, and during the lifetime of the optionee each Option shall be exercisable only by him.

12. TERMS AND CONDITIONS OF OPTIONS. Options shall be evidenced by instruments (which need not be identical) in such forms as the Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in paragraphs 6 through 11 hereof and may contain such other provisions as the Committee deems advisable which are not inconsistent with the Plan, including restrictions applicable to shares of Common Stock issuable upon exercise of Options. The Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more officers of the Company to execute and deliver such instruments. The proper officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

13. ADJUSTMENTS. Upon the occurrence of any of the following events, an optionee's rights with respect to Options granted to him hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in the written agreement between the optionee and the Company relating to such Option:

A. STOCK DIVIDENDS AND STOCK SPLITS. If the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of Options shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend.

B. CONSOLIDATIONS OR MERGERS. If the Company is to be consolidated with or acquired by another entity in a merger, sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the shares then subject to such Options the consideration payable with respect to the outstanding

shares of Common Stock in connection with the Acquisition; or (ii) upon written notice to the optionees, provide that all Options must be exercised, to the extent then exercisable, within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all Options in exchange for a cash payment equal to the excess of the fair market value of the shares subject to such Options (to the extent then exercisable) over the exercise price thereof.

C. RECAPITALIZATION OR REORGANIZATION. In the event of a recapitalization or reorganization of the Company (other than a transaction described in subparagraph B above) pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, an optionee upon exercising an Option shall be entitled to receive for the purchase price paid upon such exercise the securities he would have received if he had exercised his Option prior to such recapitalization or reorganization.

D. MODIFICATION OF ISOs. Notwithstanding the foregoing, any adjustments made pursuant to subparagraphs A, B or C with respect to ISOs shall be made only after the Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 425 of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments.

E. DISSOLUTION OR LIQUIDATION. In the event of the proposed dissolution or liquidation of the Company, each Option will terminate immediately prior to the consummation of such proposed action or at such other time and subject to such other conditions as shall be determined by the Committee.

F. ISSUANCES OF SECURITIES. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company.

G. FRACTIONAL SHARES. No fractional shares shall be issued under the Plan and the optionee shall receive from the Company cash in lieu of such fractional shares.

H. ADJUSTMENTS. Upon the happening of any of the events described in subparagraphs A, B or C above, the class and aggregate number of shares set forth in paragraph 4 hereof that are subject to Options which previously have been or subsequently may be granted under the Plan shall also be appropriately adjusted to reflect the events described in such subparagraphs. The Committee or the Successor Board shall determine the specific adjustments to be made under this paragraph 13 and, subject to paragraph 2, its determination shall be conclusive.

If any person or entity owning restricted Common Stock obtained by exercise of an Option receives shares or securities or cash in connection with a corporate transaction described in subparagraphs A, B or C above as a result of owning such restricted Common Stock, such shares or securities or cash shall be subject to all of the conditions and restrictions applicable to the restricted Common Stock with respect to which such shares or securities or cash were issued, unless otherwise determined by the Committee or the Successor Board.

14. MEANS OF EXERCISING OPTIONS. An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address. Such notice shall identify the Option being exercised and specify the number of shares as to which such Option is being exercised, accompanied by full payment of the purchase price therefor either (a) in United States dollars in cash or by check, or (b) at the discretion of the Committee, through delivery of shares of Common Stock having fair market value equal as of the date of the exercise to the cash exercise price of the Option, or (c) at the discretion of the Committee in exceptional cases, by delivery of the optionee's personal recourse note bearing interest payable not less than annually at no less than 100% of the lowest applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Committee, by any combination of (a), (b) and (c) above. If the Committee exercises its discretion to permit payment of the exercise price of an ISO by means of the methods set forth in clauses (b) or (c) of the preceding sentence, such discretion shall be exercised in writing at the time of the grant of the ISO in question. Alternatively, payment may be made in whole or in part in shares of the Common Stock of the Company already owned by the person or persons exercising the option or shares subject to the option being exercised (subject to such restrictions and guidelines as the Board may adopt from time to time), or consistent with applicable law, through the delivery of an assignment to the Company of a sufficient amount of the proceeds from the sale of the Common Stock acquired upon exercise of the option and an authorization to the broker or selling agent to pay that amount to the Company, which sale shall be at the participant's direction at the time of exercise. The holder of an Option shall not have the rights of a shareholder with respect to the shares

covered by his Option until the date of issuance of a stock certificate to him for such shares. Except as expressly provided above in paragraph 13 with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

15. TERM AND AMENDMENT OF PLAN. This Plan was adopted by the Board on March 13, 1991, and shall expire on the end of the day on March 13, 2001 (except as to Options outstanding on that date). The Board may at any time terminate the Plan or make such modification or amendment thereof as it deems advisable, PROVIDED, however, that the Board may not, without approval by the affirmative vote of the holders of a majority of the securities of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the state in which the Company is incorporated, (i) materially increase the benefits accruing to participants under the Plan; (ii) increase the number of shares for which options may be granted under the Plan; or (iii) materially modify the requirements as to eligibility for participation in the Plan. Termination or any modification or amendment of the Plan shall not, without consent of a participant, affect his rights under an option previously granted to him.

16. CONVERSION OF ISOs INTO NSOs; TERMINATION OF ISOS. The Committee, with the written approval of any optionee, may in its discretion take such actions as may be necessary to convert such optionee's ISOs (or any installments of portions of installments thereof) that have not been exercised on the date of conversion into NSOs at any time prior to the expiration of such ISOs, regardless of whether the optionee is an employee of the Company or a Related Corporation at the time of such conversion. Such actions may include, but not be limited to, extending the exercise period or reducing the exercise price of the appropriate installments of such Options. At the time of such conversion, the Committee (with the consent of the optionee) may impose such conditions on the exercise of the resulting NSOs as the Committee in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into NSOs, and no such conversion shall occur until and unless the Committee takes appropriate action. The Committee, with the consent of the optionee, may also terminate any portion of any ISO that has not been exercised at the time of such termination.

17. APPLICATION OF FUNDS. The proceeds received by the Company from the sale of shares pursuant to Options granted under the Plan shall be used for general corporate purposes.

18. GOVERNMENTAL REGULATION. The Company's obligation to sell and deliver shares of Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

19. WITHHOLDING OF ADDITIONAL INCOME TAXES. Upon the exercise of a NSO, the making of a Disqualifying Disposition (as defined in paragraph 20) or the vesting of restricted Common Stock acquired on the exercise of an Option, the Company, in accordance with Section 3402(a) of the Code, may require the optionee to pay additional withholding taxes in respect of the amount that is considered compensation includible in such person's gross income. The Committee in its discretion may condition (i) the exercise of an Option or (ii) the vesting of restricted Common Stock acquired by exercising an Option, on the optionee's payment of such additional withholding taxes.

20. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION. Each employee who receives ISOs shall agree to notify the Company in writing immediately after the employee makes a disqualifying disposition of any Common Stock received pursuant to the exercise of an ISO (a "Disqualifying Disposition"). Disqualifying Disposition means any disposition (including any sale) of such stock before the later of (a) two years after the employee was granted the ISO under which he acquired such stock, or (b) one year after the employee acquired such stock by exercising such ISO. If the employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition will thereafter occur.

21. GOVERNING LAWS; CONSTRUCTION. The validity and construction of the Plan and the instruments evidencing Options shall be governed by the laws of the Commonwealth of Massachusetts. In construing this Plan, the singular shall include the plural and the masculine gender shall include the feminine and neuter, unless the context otherwise requires.

EXHIBIT 10.6

TERADYNE, INC.

1979 EMPLOYEE STOCK PURCHASE PLAN

(Amended as of June 15, 1994)

ARTICLE 1 - PURPOSE

This Employee Stock Purchase Plan (the "Plan") is intended as an incentive and to encourage stock ownership by all eligible employees of Teradyne, Inc. (the "Company"), participating subsidiaries, and acquired businesses so that they may share in the growth of the Company by acquiring or increasing their proprietary interest in the Company. It is intended that options issued pursuant to the Plan shall constitute options issued pursuant to an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986 (the "Code"), as amended.

ARTICLE 2 - ADMINISTRATION OF THE PLAN

The Plan may be administered by a committee appointed by the Board of Directors of the Company (the "Committee"). The Committee shall consist of not less than two members of the Company's Board of Directors. The Board of Directors may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board of Directors. The Committee may select on one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts by a majority of the Committee, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

The interpretation and construction by the Committee of any provisions of the Plan or of any option granted under its shall be final unless otherwise determined by the Board of Directors. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best, provided that any such rules and regulation shall be applied on a uniform basis to all employees under the Plan. No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under it.

In the event the Board of Directors fails to appoint or refrains from appointing a Committee, the Board of Directors shall have all powers and authority to administer the Plan. In such event, the word "Committee" wherever used herein shall be deemed to mean the Board of Directors.

ARTICLE 3 - ELIGIBLE EMPLOYEES

No option may be granted to any person serving as a member of the Committee at the time of grant. Subject to this limitation,

all Eligible Employees (as defined herein) of the Company or any of its participating subsidiaries (as defined in Article 18) who have completed more than 90 days of employment with the Company or any of its subsidiaries on or before the first day of any Payment Period (as defined in Article 5) shall be eligible to receive options under this Plan to purchase the Company's Common Stock, and all Eligible Employees shall have the same rights and privileges as defined in this Plan. In no event may an employee be granted an option if such employee, immediately after the option is granted, owns stock possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or of its parent corporation or subsidiary corporation, as the terms "parent corporation" and "subsidiary corporation" are defined in Section 425 of the Code. For purposes of determining stock ownership under this paragraph, the rules of Section 425(d) of the Code shall apply, and stock which the employee may purchase under outstanding options shall be treated as stock owned by the employee.

For purposes of this Plan the term "Eligible Employee" shall not include an employee whose customary employment is less than 20 hours per week or whose customary employment is for not more than 5 months in any calendar year.

The Board of Directors shall have the authority to permit employees of acquired businesses to participate in the Plan effective within the then current Payment Period without compliance with the eligibility and participation requirements of the Plan, to the extent permitted by the Code.

ARTICLE 4 - STOCK SUBJECT TO THE PLAN

The stock subject to the options shall be shares of the Company's authorized but unissued shares of Common Stock or shares of Common Stock re-acquired by the Company, including shares purchased in the open market. The aggregate number of shares which may be issued pursuant to the Plan is 4,600,000, subject to adjustment as provided in Article 13. In the event any option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto shall again be available under the Plan.

ARTICLE 5 - PAYMENT PERIOD AND STOCK OPTIONS

The twelve-month period commencing annually on the first day of January and ending annually on the last day of December is the Payment Period during which payroll deductions will be accumulated under the Plan. Each Payment Period includes only regular pay days falling within it.

Annually on the first business day of the Payment Period, the Company will grant to each Eligible Employee who has elected to participate in the Plan an option to purchase on the last day of such Payment Period, at the Option Price hereinafter provided for, such number of shares of the Common Stock of the Company reserved for the purpose of the Plan as does not exceed the greater of the number of shares equal to 10% of the employee's regular annual base pay divided by the price determined in accordance with (i) below, or 3,000 shares, on condition that such employee remains eligible to participate in the Plan throughout such Payment Period. The participant shall be entitled to exercise such options so granted only to the extent of his accumulated payroll deductions on the last day of such Payment Period, but in no event to exceed 3,000 shares. The Option Price for each Payment Period shall be the lesser of (i) 85% of the average market price of the Company's Common Stock on the first business day of the Payment Period or (ii) 85% of the average market price of the Company's Common Stock on the last business day of the Payment Period, in either event rounded up to avoid fractions other than 1/4, 1/2 and 3/4. The foregoing limitation on the number of shares which may be granted in any Payment period and the Option Price per share shall be subject to adjustment as provided in Article 13.

For purposes of the Plan the term "average market price" is the average of the high and low prices of the Common Stock of the Company on the principal national securities exchange on which it is so traded or such other national securities exchange as shall be designated by the Committee.

For purposes of this Plan the term "business day" as used herein means a day on which there is trading on the national securities exchange.

No Eligible Employee shall be granted an option which permits his rights to purchase Common Stock under the Plan and any similar plans of the Company or any parent or subsidiary corporations to accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code.

ARTICLE 6 - EXERCISE OF OPTION

Each Eligible Employee who continues to be a participant in the Plan on the last business day of a Payment Period shall be deemed to have exercised his option on such date and shall be deemed to have purchased from the Company such number of full shares of Common Stock reserved for the purpose of the Plan as his accumulated payroll deductions on such date will pay for at such Option Price but in no event more than 3,000 shares.

Subject to Article 15, if a participant is not an employee on the last business day of a Payment Period, he shall not be entitled to exercise his option.

ARTICLE 7 - UNUSED PAYROLL DEDUCTIONS

Only full shares of Common Stock may be purchased under the Plan. Unused payroll deductions remaining in an employee's account at the end of a Payment Period shall be refunded to such participant without interest.

ARTICLE 8 - AUTHORIZATION FOR ENTERING PLAN

An Eligible Employee may enter the Plan by filling out, signing and delivering to the Personnel Office an authorization:

A. Stating the amount to be deducted regularly from his pay;

B. Authorizing the purchase of stock for him in the Payment Period in accordance with the terms of the Plan; and

C. Specifying the exact name in which stock purchased for him is to be issued as provided under Article 12 hereof.

Such authorization must be received by the Personnel Office at least 15 days before the beginning date of the next Payment Period.

Unless an employee files a new authorization or withdraws from the Plan, his deductions and purchases under the authorization he has on file under the Plan will continue from one Payment Period to succeeding Payment Periods as long as the Plan remains in effect.

The Company will accumulate and hold for the employee's account the amounts deducted from his pay. No interest will be paid on it.

ARTICLE 9 - MINIMUM AND MAXIMUM AMOUNTS OF PAYROLL DEDUCTIONS

An Eligible Employee may authorize payroll deductions in an amount (in whole percents) not less than 2% but not more than 10% of his regular annual base pay.

ARTICLE 10 - NO CHANGE IN PAYROLL DEDUCTIONS

Deductions may not be increased or decreased during any Payment Period, except to reflect changes in base pay during the Payment Period.

ARTICLE 11 - WITHDRAWAL FROM THE PLAN

An Eligible Employee may withdraw from the Plan, in whole but not in part, at any time prior to the last business day of each Payment Period by delivering a Withdrawal Notice to the Personnel Office, in which event the Company will refund the entire balance of his deductions as soon as practicable thereafter.

To re-enter the Plan, an Eligible Employee who has previously withdrawn must file a new authorization in accordance with Article 8. His re-entry into the Plan cannot, however, become effective before the beginning of the next Payment Period following his withdrawal.

ARTICLE 12 - ISSUANCE OF STOCK

Certificates for stock issued to participants will be delivered as soon as practicable after each Payment Period.

Stock purchased under the Plan will be issued only in the name of the Eligible Employee, or if his authorization so specifies, in the name of the employee and another person of legal age as joint tenants with rights of survivorship.

ARTICLE 13 - ADJUSTMENTS

Upon the happening of any of the following described events, an optionee's rights under options granted hereunder shall be adjusted as hereinafter provided:

A. In the event shares of Common Stock of the Company shall be subdivided or combined into a greater or smaller number of shares or if, upon a merger, consolidation, reorganization, split-up, liquidation, combination, recapitalization or the like of the Company, the shares of the Company's Common Stock shall be exchanged for other securities of the Company or of another corporation, each optionee shall be entitled, subject to the conditions herein stated, to purchase such number of shares of Common Stock or amount of other securities of the Company or such other corporation as were exchangeable for the number of shares of Common Stock of the Company which such optionee would have been entitled to purchase except for such action, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination, or exchange; and

B. In the event the Company shall issue any of its shares as a stock dividend upon or with respect to the shares of stock of the class which shall at the time be subject to option hereunder, each optionee upon exercising such an option shall be entitled to receive (for the purchase price paid upon such exercise) the shares as to which he is exercising his option and, in addition thereto (at no additional cost), such number

of shares of the class or classes in which such stock dividend or dividends were declared or paid, and such amount of cash in lieu of fractional shares, as is equal to the number of shares thereof and the amount of cash in lieu of fractional shares, respectively, which he would have received if he had been the holder of the shares as to which he is exercising his option at all times between the date of the granting of such option and the date of its exercise.

Upon the happening of any of the foregoing events, the class and aggregate number of shares set forth in Article 4 hereof which are subject to options which have heretofore been or may hereafter be granted under the Plan shall also be appropriately adjusted to reflect the events specified in paragraphs A and B above. The Committee shall determine the adjustments to be made under this Article 13, and its determination shall be conclusive.

ARTICLE 14 - NO TRANSFER OR ASSIGNMENT OF EMPLOYEE'S RIGHTS

An employee's rights under the Plan are his alone and may not be transferred or assigned to, or availed of by, any other person. Any option granted to an employee may be exercised only by him.

ARTICLE 15 - TERMINATION OF EMPLOYEE'S RIGHTS

An employee's rights under the Plan will terminate when he ceases to be an employee because of retirement, resignation, discharge, death, change of status or for any other reason, except that if an employee is laid off on account of an absence of work during the last three months of any Payment Period, he shall nevertheless be deemed to be a participant in the Plan on the last day of the Payment Period. A Withdrawal Notice will be considered as having been received from the employee on the day his employment ceases, and all payroll deductions not used to purchase stock will be refunded.

If an employee's payroll deductions are interrupted by any legal process, a Withdrawal Notice will be considered as having been received from him on the day the interruption occurs.

ARTICLE 16 - TERMINATION AND AMENDMENTS TO PLAN

The Plan may be terminated at any time by the Company's Board of Directors but such termination shall not affect options then outstanding under the Plan. It will terminate in any case when all or substantially all of the unissued shares of stock reserved for the purposes of the Plan have been purchased. If at any time shares of stock reserved for the purposes of the Plan remain available for purchase but not in sufficient number to satisfy all then unfilled purchase requirements, the available shares shall be apportioned among participants in proportion to their options and the Plan shall terminate. Upon such termination or any other termination of the Plan, all payroll deductions not used to purchase stock will be refunded.

The Board of Directors also reserves the right to amend the Plan from time to time in any respect provided, however, that no amendment shall be effective without prior approval of the stockholders which would (a) except as provided in Article 13, increase the number of shares of Common Stock to be offered under the Plan or (b) change the class of employees eligible to receive options under the Plan.

ARTICLE 17 - LIMITATIONS ON SALE OF STOCK PURCHASED UNDER THE PLAN

The Plan is intended to provide Common Stock for investment and not for resale. The Company does not, however, intend to restrict or influence any employee in the conduct of his own affairs. An employee may, therefore, sell stock purchased under the Plan at any time he chooses, subject to compliance with any applicable Federal or state securities laws; provided, however, that because of certain Federal tax requirements, each employee will agree by entering the Plan, promptly to give the Company notice of any such stock disposed of within two years after the date of grant of the applicable option showing the number of such share disposed of. THE EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE STOCK.

ARTICLE 18 - PARTICIPATING SUBSIDIARIES

The term "participating subsidiaries" shall mean any subsidiary of the Company which is designated by the Committee to participate in the Plan. The Committee shall have the power to make such designation before or after the Plan is approved by the stockholders.

ARTICLE 19 - OPTIONEES NOT STOCKHOLDERS

Neither the granting of an option to an employee nor the deductions from his pay shall constitute such employee a stockholder of the shares covered by an option until such shares have been purchased by and issued to him.

ARTICLE 20 - APPLICATION OF FUNDS

The proceeds received by the Company from the sale of Common Stock pursuant to options granted under the Plan will be used for general corporate purposes.

ARTICLE 21 - GOVERNMENTAL REGULATION

The Company's obligation to sell and deliver shares of the Company's Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

ARTICLE 22 - APPROVAL OF STOCKHOLDERS

The Plan shall not take effect until approved by the holders of a majority of the outstanding shares of the Common Stock of the Company, which approval must occur within the period ending twelve months after the date the plan was adopted by the Board of Directors. The Plan was adopted by the Board of Directors on December 6, 1978. It was approved by the stockholders of the Company on April 25, 1979. All subsequent amendments to the Plan adopted by the Board of Directors have been approved by the stockholders.

EXHIBIT 22.1

PRESENT SUBSIDIARIES

	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OF VOTING SECURITIES OWNED
Teradyne BeneLux, Inc (Ltd.)	Delaware	100%
Teradyne Canada Limited	Canada	100%
Teradyne GmbH	West Germany	100%
Teradyne Holdings Limited	England	100%
Teradyne Limited	England	100%
Teradyne Hong Kong, Ltd	Delaware	100%
Teradyne International, Ltd	U.S. Virgin Islands	100%
Teradyne Ireland Limited	Ireland	100%
Teradyne Italia S.r.l	Italy	100%
Teradyne Japan, Ltd	Delaware	100%
Teradyne K.K	Japan	100%
Teradyne Korea, Ltd	Delaware	100%
Teradyne Leasing, Inc	Massachusetts	100%
Teradyne Malaysia, Ltd	Delaware	100%
Teradyne Netherlands B.V	Netherlands	100%
Teradyne Netherlands, Ltd	Delaware	100%
Teradyne Realty, Inc	Massachusetts	100%
Teradyne S.A	France	100%
Teradyne Scandinavia, Inc	Delaware	100%
Teradyne Software and Systems Test, Inc	Delaware	100%
Teradyne Singapore, Ltd	Delaware	100%
Teradyne Taiwan, Ltd	Delaware	100%
Zehntel Holdings, Inc	California	100%
Zehntel, SARL	France	100%
1000 Washington, Inc	Massachusetts	100%

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Teradyne, Inc. on Form S-8 (File Nos. 33-55123; 33-25868; 33-16077; 33-42352; and 33-38251) and Form S-3 (File No. 33-44347) of our report dated January 20, 1995, on our audits of the consolidated financial statements of Teradyne, Inc. and Subsidiaries as of December 31, 1994 and 1993, and for the years ended December 31, 1994, 1993 and 1992, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Boston, Massachusetts
March 23, 1995

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