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, 1993

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 (State or other Jurisdiction of Incorporation or Organization)	04-2272148 (I.R.S. Employer Identification Number)
321 HARRISON AVENUE, BOSTON, MASSACHUSETTS (Address of principal executive offices)	02118 (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 $.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 25, 1994 was $1,015.8 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 25, 1994 was 36,011,991 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement in connection with its 1994 annual meeting of stockholders 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 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, telecom-munications, 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 evolve the manufacture of backplane connection systems to the manufacture of fully integrated electronic assemblies that include 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 $69.3 million in 1993, which were greater than 10% of the Company's net sales in 1993. No other customer accounted for more than 10% of net sales in 1993.

Direct sales to United States Government agencies accounted for approximately 2% of net sales in 1993 and 1992, and 1% in 1991. In addition, sales are made, within each of the Company's segments, to customers who are government contractors. Approximately 33% of all backplane connection systems sales and less than 10% of all electronic test systems sales fell into this category during 1993.

The Company's overseas customers are located primarily in Europe, Asia Pacific, and Japan. Sales to overseas customers consist principally of electronic test systems, and these sales occur either through foreign sales subsidiaries or through direct exports. Substantially all of the Company's manufacturing activities are conducted in the United States.

Sales to overseas customers accounted for 41% of net sales in 1993, 42% in 1992, and 47% in 1991. Identifiable assets of the Company's foreign subsidiaries, consisting principally of accounts receivable and other operating assets, approximated $65.0 million at December 31, 1993, $86.0 million at December 31, 1992, and $82.0 million at December 31, 1991. Of these identifiable assets at December 31, 1993, $39.0 million were in Europe, $23.0 million were in Japan, and $3.0 million were in Asia Pacific. Since sales to overseas 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, Asia Pacific, and Japan.

COMPETITION

Competition is intense in each of the business areas that the Company operates. In each market there are several significant competitors (three to five). 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, 1993, the Company's backlog of unfilled orders for electronic test systems and backplane connection systems was approximately $238.9 million and $49.1 million, respectively, compared with $183.0 million and $34.8 million, respectively, on December 31, 1992. Of the backlog at December 31, 1993, approximately 75% of the electronic test systems backlog, and substantially all of the backplane connection systems backlog is expected to be delivered in 1994, although the Company's past experience indicates that a portion of orders included in the backlog may be cancelled. 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 various copyrights, trademarks, and patents owned by the Company, together with patent applications pending, are generally not significant in relation to the Company's overall business. However, protection of such proprietary information, through methods such as patents, software license agreements with customers and employee agreements, is important for certain of the Company's products. The Company does not hesitate to assert its rights to intellectual property when, in its view, these rights are infringed upon. Also from time to time, claims have been asserted that certain of its products and technologies infringe the patent rights of third parties. In the opinion of management, none of these claims are expected to have a material effect on the consolidated financial or competitive position of the Company.

EMPLOYEES

As of December 31, 1993, 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 $62.4 million in 1993, and $62.0 million in 1992 and 1991. These expenditures amounted to approximately 11% of net sales in 1993, and 12% in 1992 and 1991.

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, compliance 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..........	66	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.
George V. d'Arbeloff.............	49	Vice President	Vice President of the Company since 1980.
George W. Chamillard.............	55	Executive Vice President	Executive Vice President of the Company beginning in 1994; Vice President of the Company from 1981 to 1993.
Ronald J. Dias...................	50	Vice President	Vice President of the Company since 1988.
Loren G. Eaton...................	52	Vice President	Vice President of the Company since 1984.
James A. Prestridge..............	62	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.
Edward Rogas, Jr.................	53	Vice President	Vice President of the Company since 1984.
Owen W. Robbins..................	64	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.
Frederick T. Van Veen............	63	Vice President	Vice President of the Company since 1980.
John P. McCabe...................	49	Controller	Controller of the Company since 1975.
Stuart M. Osattin................	48	Treasurer	Treasurer of the Company since 1980.

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TEM 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	246,000
179 Lincoln Street...	Own	246,000
Agoura Hills, California......................................	Own	360,000
Deerfield, Illinois...	Own	65,000
Deerfield, Illinois...	Lease	21,000
Walnut Creek, California......................................	Lease	60,000
BACKPLANE CONNECTION SYSTEMS INDUSTRY SEGMENT:		
Nashua, New Hampshire...	Own	299,000

The Company owns the majority of its manufacturing and office facilities. The Company believes its present and planned facilities and equipment are adequate to service its current and immediately foreseeable business needs.

Approximately 120,000 square feet of the Agoura Hills property listed above is currently unoccupied. The Company is subleasing an additional 85,000 square feet of space 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 SECURITY HOLDER 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
1992 First Quarter	203/8	15 3/8
Second Quarter	163/4	10 1/4
Third Quarter	141/2	10
Fourth Quarter	163/8	11 7/8
1993 First Quarter	181/8	13 1/4
Second Quarter	211/2	13
Third Quarter	295/8	20 1/2
Fourth Quarter	281/4	20

The number of record holders of the Company's Common Stock at February 25, 1994 was 3,225.

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,				
	1993	1992	1991	1990	1989
	(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)				
Net sales	$554,734	$529,581	$508,923	$458,877	$483,575
Income (loss) before extraordinary item	$ 35,923	$ 22,548	$ 18,253	$(21,332)	$ 10,157
Income (loss) before extraordinary item per common share	$ 1.00	$ 0.67	$ 0.58	$ (0.71)	$ 0.35
Total assets	$544,443	$461,055	$420,533	$388,931	$417,872
Long-term obligations	$ 9,138	$ 23,647	$ 24,344	$ 25,045	$ 38,382

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,		
	1993	1992	1991
	(DOLLARS IN THOUSANDS)		
Net sales	$554,734	$529,581	$508,923

Income before extraordinary item	$ 35,923	$ 22,548	$ 18,253
Increase in net sales from preceding year:			
Amount	$ 25,153	$ 20,658	$ 50,046
Percentage	5%	4%	11%
Increase in income before extraordinary item from preceding year	$ 13,375	$ 4,295	$ 39,585
Percentage of net sales:			
Net sales	100%	100%	100%
Expenses:			
Cost of sales	57	59	58
Engineering and development	11	12	12
Selling and administrative	23	24	25
	91	95	95
Interest expense (net)			(1)
Income before income taxes and extraordinary item	9	5	4
Provision for income taxes	3	1	
Income before extraordinary item	6%	4%	4%

RESULTS OF OPERATIONS:

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 consolidate those 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 to 1992. These expenses have essentially remained at their current level since 1991, as the Company has 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 had been able to utilize net operating loss carryforwards to lower its United States taxable income for financial reporting purposes in 1992, while in 1993 those 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. There continue to be tax credit carryforwards and foreign net operating loss carryforward amounts which will lower the Company's prospective tax rate if utilized. 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 write off of unamortized debt issuance costs.

1992 Compared to 1991

Sales increased 4% in 1992, to $529.6 million. The sales increase was primarily due to a 13% increase in sales of semiconductor test systems over 1991 and, to a lesser extent, a 7% increase in sales of connection systems. Offsetting the increased sales were reduced sales of circuit-board test systems and telecommunications systems which were down 12% and 5%, respectively. The Company believes that the over-all market for semiconductor test systems declined in 1992 and that, the increase in sales represents market-share growth. The decline in sales of circuit-board test systems was primarily due to a decrease in demand from U.S. government defense contractors.

During the year, the Company decided to concentrate its efforts in Electronic Design Automation (EDA) on software products for test generation and design verification. This decision led to the closing of the EDA operation in Santa Clara, California and the consolidation of the EDA operation in Boston, Massachusetts with the circuit-board test division. The Company also decided to move the circuit-board assembly operation in Walnut Creek, California to the central circuit-board assembly operation in Boston.

Cost of sales increased as a percent of sales from 58% to 59%. This increase was due to the fact that, while the Company reduced its overhead associated with circuit-board test systems and telecommunications systems, it did not reduce such expenses proportionately with the reduction in sales of these two product lines.

Engineering and development expenses were essentially unchanged in 1992, while the amount of selling and administrative expenses increased less than 1% as the Company controlled the growth of these expenses.

Interest income increased 78% in 1992 to $2.5 million due to an increase in the Company's cash and cash equivalents balance beginning in the second half of 1991. Cash had grown by $63.8 million from June 29, 1991 to December 31, 1992. Interest expense decreased 21% in 1992 due to a reduction in the average level of debt outstanding during the year and lower average short-term interest rates.

The Company's effective tax rate increased from 10% in 1991 to 13.5% in 1992. At the end of 1992, the Company had utilized all of its available U.S. Federal net operating loss carryforwards for financial reporting purposes.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash balance increased by $76.2 million in 1993, following an increase of $32.0 million in 1992. Cash flow generated from operations was $91.8 million in 1993 and $40.7 million in 1992. Additional cash of $33.6 million in 1993 and $15.7 million in 1992 was generated from the sale of stock to employees under the Company's stock option and stock purchase plans. In 1992, cash of $3.2 million was also raised from a bank note to finance future construction of a plant in Kumamoto, Japan.

Cash was used to fund additions to property, plant and equipment of $32.2 million in 1993 and $28.2 million in 1992. The Company also used $14.7 million of its cash to retire outstanding debt and $2.3 million to purchase stock from its shareholders pursuant to the Company's open market stock repurchase program. The debt retirement included $10.8 million for the repurchase of the outstanding convertible debentures and a cash payment of $3.2 million for the exercise of a purchase option on the Company's headquarters building in Boston, Massachusetts.

The Company believes its cash and cash equivalents balance of $143.6 million, together with other sources of funds, including cash flow generated from operations and available borrowing capacity of $80.0 million under its line of credit agreement, will be sufficient to meet future working capital and capital expenditure requirements.

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

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

REPORT OF INDEPENDENT ACCOUNTANTS

To the Directors and Shareholders of
TERADYNE, INC.:

We have audited the consolidated financial statements and financial statement schedules of Teradyne, Inc. and Subsidiaries listed below. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules 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, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND

Boston, Massachusetts
January 24, 1994

CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES COVERED BY THE

REPORT OF INDEPENDENT ACCOUNTANTS

Consolidated Financial Statements filed in Item 8:

- Balance Sheets as of December 31, 1993 and 1992
- Statements of Income for the years ended December 31, 1993, 1992 and 1991
- Statements of Cash Flows for the years ended December 31, 1993, 1992 and 1991
- Statements of Changes in Shareholders' Equity for the years ended December 31, 1993, 1992 and 1991

Consolidated Financial Statement Schedules for the years ended December 31, 1993, 1992 and 1991 filed in Item 14(d):

V -- Property

VI -- Accumulated Depreciation, Depletion and Amortization of Property

IX -- Short-term Borrowings

X -- Supplementary Income Statement Information

TERADYNE, INC.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1993 AND 1992

	1993	1992
	(DOLLARS IN THOUSANDS)	
ASSETS		
Current assets:		
Cash and cash equivalents (Note B)	$143,578	$ 67,383
Accounts receivable -- trade -- less allowance for doubtful accounts of $1,990 in 1993 and $2,036 in 1992	101,669	120,156
Inventories:		
Parts	43,452	35,623
Assemblies in process	34,258	29,973
	77,710	65,596
Refundable income taxes	2,049	2,050
Deferred tax assets (Note K)	10,973	
Prepayments and other current assets	4,596	5,766
Total current assets	340,575	260,951
Property (Note C and Schedule V):		
Land	19,482	19,482
Buildings and improvements	112,290	110,906
Machinery and equipment	245,151	231,882
Construction in progress	3,259	734
Total	380,182	363,004
Less: Accumulated depreciation (Schedule VI)	(194,103)	(177,950)
Net property	186,079	185,054
Deferred charges and other assets	17,789	15,050
Total assets	$544,443	$461,055
LIABILITIES		
Current liabilities:		
Notes payable -- banks (Schedule IX)	$ 7,574	$ 6,849
Current portion of long-term debt (Note C)	521	3,962
Accounts payable -- trade	10,972	7,011
Accrued employees' compensation and withholdings	34,856	26,052
Unearned service revenue and customer advances	22,665	20,174
Other accrued liabilities	28,942	27,877
Income taxes payable	1,024	468
Total current liabilities	106,554	92,393
Deferred tax liabilities (Note K)	8,643	367
Long-term debt (Note C)	9,138	9,265
Convertible subordinated debentures, net of issuance costs (Note D)		14,382
Commitments (Notes E and F)		
Total liabilities	124,335	116,407
SHAREHOLDERS' EQUITY		
Common stock $.125 par value, authorized 75,000,000 shares, issued and outstanding after deduction of reacquired shares, 35,687,256 in 1993 and 33,045,660 in 1992 (Notes C, D, G, H, I, and J)	4,461	4,131
Additional paid-in capital	247,843	206,439
Retained earnings	167,804	134,078

Total shareholders' equity	420,108	344,648
Total liabilities and shareholders' equity	$544,443	$461,055

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

TERADYNE, INC.

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)		
Net sales	$ 554,734	$ 529,581	$ 508,923
Expenses:			
Cost of sales	314,596	312,478	296,354
Engineering and development	62,356	62,023	62,039
Selling and administrative	126,508	127,427	126,463
	503,460	501,928	484,856
Income from operations	51,274	27,653	24,067
Other income (expense):			
Interest income	3,649	2,529	1,420
Interest expense	(3,604)	(4,114)	(5,205)
Income before income taxes and extraordinary item	51,319	26,068	20,282
Provision for income taxes (Note K)	15,396	3,520	2,029
Income before extraordinary item	35,923	22,548	18,253
Extraordinary item, less applicable income taxes of $313 (Note D)	(729)		
Net income	$ 35,194	$ 22,548	$ 18,253
Income per common share:			
Income before extraordinary item	$ 1.00	$ 0.67	$ 0.58
Extraordinary item, net of income taxes	(0.02)		
Net income per common share	$ 0.98	$ 0.67	$ 0.58
Shares used in calculations of income per common share	35,832,000	33,850,000	31,554,000

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

TERADYNE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	1993	1992	1991
	(DOLLARS IN THOUSANDS)		
Cash flows from operating activities:			
Net income	$ 35,194	$ 22,548	$ 18,253
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	30,767	31,066	32,090
Amortization	3,775	4,270	4,493
Deferred income taxes	3,828	(162)	(803)
Extraordinary loss on retirement of debt	1,042		
Other non-cash items, net	1,544	282	628
Changes in operating assets and liabilities:			
Accounts receivable	18,487	(8,237)	(18,320)
Inventories	(12,114)	(3,773)	2,617
Refundable income taxes	1	(1,140)	676
Other assets	(5,705)	(4,145)	(7,802)
Accounts payable and accruals	14,423	1,323	97
Income taxes payable	556	(1,342)	859
Net cash provided by operating activities	91,798	40,690	32,788
Cash flows from investing activities:			
Additions to property	(20,568)	(19,471)	(14,552)
Increase in equipment manufactured by the Company	(11,633)	(8,759)	(5,565)
Proceeds from sale of investment in joint venture		1,395	2,548
Net cash used in investing activities	(32,201)	(26,835)	(17,569)
Cash flows from financing activities:			
Proceeds from long-term debt		3,205	6,900
Payments of long-term debt	(3,940)	(741)	(7,630)
Payment to retire convertible subordinated debentures	(10,780)		
Issuance of common stock under stock option and stock purchase plans	24,652	13,269	13,504
Tax benefit from stock options	8,943	2,383	
Acquisition of treasury stock	(2,277)		
Net cash flows provided by financing activities	16,598	18,116	12,774
Increase in cash and cash equivalents	76,195	31,971	27,993
Cash and cash equivalents at beginning of year	67,383	35,412	7,419
Cash and cash equivalents at end of year	$143,578	$ 67,383	$ 35,412
Supplementary disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 4,434	$ 4,230	$ 5,315
Income taxes	1,755	3,781	1,297

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, 1993, 1992 AND 1991

	SHARES ISSUED	SHARES REACQUIRED	COMMON STOCK PAR VALUE	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
	(DOLLARS IN THOUSANDS)				
Balance, December 31, 1990	30,083,471	419,567	$3,708	$177,832	$ 93,277
Issuance of stock to:					
Employees under Stock Option Plans (Note G)	1,085,833	41,033	131	9,437	
Trustees of Savings Plan (Note H)	100,000		12	938	
Employees under Stock Purchase Plan (Note I)	523,897		66	2,920	
Repurchase of stock		8,000	(1)	(125)	

Net income					18,253
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	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

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 have been 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." This statement superseded the previous accounting standard for income taxes, SFAS 96, which the Company adopted January 1, 1991. The adoption of SFAS 109 had no material effect on the results of operations.

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.

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

A. ACCOUNTING POLICIES -- (CONTINUED)

Translation of Foreign Currencies

Assets and liabilities of foreign subsidiaries which are denominated in foreign currencies have been remeasured into U.S. dollars at rates of exchange in effect at the end of the fiscal year except fixed assets which have been remeasured using historical exchange rates. Revenue and expense accounts have been 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.

Financial Instruments and Related Disclosures

Financial instruments consist primarily of investments in cash, cash equivalents and accounts receivables and obligations under accounts payable and debt instruments. Fair value of financial instruments have been determined through information obtained from market sources and management estimates. At December 31, 1993, the fair value of the Company's financial instruments approximates the carrying value.

The Company enters into foreign exchange contracts to hedge assets, liabilities, and transactions denominated in foreign currencies on a continuing basis for periods consistent with its committed exposures. The foreign exchange 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 gains and losses on the assets, liabilities, and transactions being hedged. As of December 31, 1993, the Company had $51.9 million of foreign exchange contracts outstanding, $40.0 million of which were in German marks, $11.0 million in various other European currencies, and $0.9 million in Japanese yen. The German mark contracts have maturities of one to three years. The Company's other foreign exchange contracts generally have maturities which do not exceed six months. All of the foreign exchange contracts require the Company to exchange foreign currencies for U.S. dollars at maturity, at rates agreed to at inception of the contracts.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and trade receivables. The Company places its cash equivalents in high grade financial instruments and, by policy, limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of diverse and geographically dispersed customers.

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. CASH AND CASH EQUIVALENTS

Cash equivalents consist of short-term investments in money market instruments with an original maturity of three months or less. These amounts are carried at cost plus accrued interest, which approximates market value. Of the $143.6 million cash and cash equivalents balance at December 31, 1993, cash equivalents amounted to $125.3 million, which included $112.5 million of U.S. Treasury bills. Of the $67.4 million cash and cash equivalents balance at December 31, 1992, cash equivalents amounted to $58.8 million, which included $50.8 million of U.S. Treasury bills.

C. LONG-TERM DEBT

Long-term debt at December 31, 1993 and 1992 consisted of the following (in thousands):

	1993	1992
Mortgage note payable	$4,500	$4,500
Industrial revenue bonds	1,333	1,563
Capitalized lease obligations		3,226
Other long-term debt	3,826	3,938
Total	9,659	13,227
Less current maturities	521	3,962
	$9,138	$9,265

The total maturities of long-term debt for each of the next five years are $0.5 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 December 31, 1996 are converted into a one year term note. As of December 31, 1993, no amounts were outstanding under this agreement. The terms of this line of credit also include restrictive covenants regarding the 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 domestic and foreign 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 has 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. For the first 4 1/2 years of the note, interest was accrued but not paid ("Accrued Interest"). Beginning September 30, 1987, semi-annual interest payments are being paid on principal and Accrued Interest. The principal and Accrued Interest are payable in full at maturity.

Industrial Revenue Bonds

At December 31, 1993, the Company has outstanding industrial revenue bonds, in the amount of $1.3 million, maturing in 1998 and 1999. These bonds are payable in quarterly installments, including interest at the higher of 75% of the stated prime rate or 7 1/2%. The bonds are collateralized by mortgage interests on certain properties owned by the Company.

C. LONG-TERM DEBT -- (CONTINUED)

Capitalized Lease Obligations

On December 31, 1993, the Company exercised its lease option to purchase the property located at 321 Harrison Avenue, Boston, Massachusetts for $3.2 million.

Other Long-term Debts

At December 31, 1993, other long-term debt consists principally of a Japanese yen-denominated note in the amount of $3.6 million at 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 29, 1995 to March 30, 2007.

D. CONVERTIBLE SUBORDINATED DEBENTURES

At December 31, 1992, the Company had outstanding $15.4 million of 9.25% convertible subordinated debentures due March 15, 2012. These debentures were convertible into shares of the Company's common stock any time prior to maturity at a conversion price of $23.50 per share. The amount shown on the Consolidated Balance Sheets at December 31, 1992 was net of $1.0 million unamortized debt issue costs.

During 1993, $5.0 million principle amount of debentures were 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 writeoff 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, 1993, 1992, and 1991 was $11.2 million, $12.6 million, and $13.0 million, respectively. Minimum annual rentals under all noncancellable leases are: 1994 -- $6.8 million; 1995 -- $5.5 million; 1996 -- $2.6 million; 1997 -- $1.1 million; 1998 -- $0.9 million; and $6.3 million thereafter, totalling $23.2 million. Offsetting the future lease payments, the Company's income from noncancellable subleases totals $1.2 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.

In 1993, the Company established a supplemental defined benefit pension plan in the United States to provide retirement benefits in excess of levels allowed by ERISA.

In 1992, the Company established a defined benefit pension plan covering its employees in Japan. The Company's foreign plans were not included in the table below in 1991 because they were not significant in the aggregate. Net pension expense for the domestic plans was $2.4 million in 1993, $1.8 million in 1992, and $1.5 million in 1991.

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

	1993	1992	1991
Service cost (benefits earned during the period)	$ 2,968	$ 2,474	$ 1,579
Interest cost on projected benefit obligation	3,237	2,408	1,788
Actual return on plan assets	(3,802)	(1,688)	(3,920)
Net amortization and deferral	1,019	(484)	2,006
Net pension expense	$ 3,422	$ 2,710	$ 1,453

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

	1993		1992	
	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN
Actuarial present value of projected benefit obligation:				
Vested benefits	$(34,897)	$ (4,051)	$(23,294)	$ (2,077)
Non-vested benefits	(2,437)	(522)	(1,708)	(506)
Accumulated benefit obligation	(37,334)	(4,573)	(25,002)	(2,583)
Effect of projected future compensation levels	(8,779)	(2,314)	(4,827)	(1,821)
Total projected benefit obligation	(46,113)	(6,887)	(29,829)	(4,404)
Plan assets at fair market value	35,633	3,963	28,115	1,264
Projected benefit obligation in excess of plan assets	(10,480)	(2,924)	(1,714)	(3,140)
Unrecognized prior service cost	6,157	1,930	1,045	1,862
Unrecognized net loss (gain)	10,884	(1,389)	5,127	(1,650)
Unrecognized net (asset) liability at transition	(727)	(546)	(970)	
Net pension asset (liability)	$ 5,834	$ (2,929)	$ 3,488	$ (2,928)
Actuarial assumptions:				
Discount rate	7.5%	5.5- 9.0%	8.5%	5.5-8.5%
Average increase in compensation levels	5%	4.6- 7.0%	5%	4.6-5.5%
Expected long-term return on assets	10%	5.5-10.5%	10%	5.5%

The Company has recorded an additional minimum pension liability for underfunded plans of $7.5 million at December 31, 1993, representing the excess of unfunded accumulated benefit obligations over previously recorded pension cost liabilities. A corresponding amount has been recognized as an intangible asset to the extent of related unrecognized prior service cost of $5.2 million, with the remaining amount of $1.5 million, net of taxes of $0.8 million, recorded as a charge to stockholders' equity.

G. STOCK OPTION PLANS

Under its stock option plans, the Company has 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:

		OUTSTANDING OPTIONS	
	SHARES AVAILABLE FOR GRANT	NUMBER OF SHARES	PRICE RANGE
Balance -- December 31, 1990	800,846	4,661,552	$ 2.05 - $ 26.25
Options authorized	3,700,000		-- --
Options granted	(1,264,800)	1,264,800	$ 6.63 - $ 13.88
Options exercised		(1,085,833)	$ 2.05 - $ 10.88
Options canceled	234,652	(234,652)	$ 5.12 - $ 16.13
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		(2,012,978)	$ 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	3,630,440	$ 4.25 - $ 24.88
Options exercisable on December 31, 1993		1,366,112	$ 4.25 - $ 17.75

There have been 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 of 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 have been 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. The trustees exercised 335,000, 200,000, and 100,000 shares respectively in 1993, 1992, and 1991. 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, with any excess applied to additional funding.

Under this plan, the amounts charged to operations were $2.0 million in 1993 and 1992, and $1.8 million in 1991.

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 1994, the Company issued 375,124 shares of common stock to employees who participated in the plan during 1993 at a price of $12.82 per share. Currently there are 405,869 shares reserved for issuance.

There have been no charges to income in connection with this plan other than incidental expenses related to the issuance of shares.

J. STOCKHOLDER RIGHTS PLAN

The Company's Board of Directors adopted a Stockholder Rights Plan on March 14, 1990. Under the Plan, the Company distributed to stockholders a dividend of one Common Stock Purchase Right for each outstanding share of Common Stock. Initially, the Purchase Rights enable a stockholder to purchase one share of Teradyne Common Stock for $40.00. Upon certain events, such as the initiation of a tender offer for more than 30% of the Company's Common Stock, the Purchase Rights allow stockholders to purchase $80.00 worth of Common Stock (or other securities or consideration as determined by Continuing Directors of the Company) for $40.00. Generally, at any time until 10 days following the announcement that a person has acquired 20% of the outstanding shares of the Company, the Company may redeem the Purchase Rights for $0.01 per share. The Plan will expire March 26, 2000, unless earlier redeemed by the Company.

K. INCOME TAXES

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.

K. INCOME TAXES -- (CONTINUED)

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

	1993	1992	1991
Income (loss) before income taxes and extraordinary item:			
Domestic	$51,142	$27,795	$10,340
Foreign	177	(1,727)	9,942
	$51,319	$26,068	$20,282
Provision (credit) for income taxes:			
Current:			
Federal	8,308	2,676	340
Foreign	1,194	(19)	1,397
State	1,753	1,025	1,095
	11,255	3,682	2,832
Deferred:			
Federal	3,590	96	
Foreign	259	(58)	(508)
State	292	(200)	(295)
	4,141	(162)	(803)
Total provision for income taxes	$15,396	$ 3,520	$ 2,029

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, 1993 are as follows (in thousands):

Deferred tax assets:	
Inventory valuations	$ 808
Accruals	2,703
Vacation	2,751
Federal net operating loss carryforwards	2,939
Foreign net operating loss carryforwards	3,417
Tax credit carryforwards	4,075
Other	2,563
Total deferred tax assets	19,256
Deferred tax liabilities:	
Excess of tax over book depreciation	(8,560)
Capitalized construction costs	(2,839)
Pension	(1,207)
Other	(969)
Total deferred tax liabilities	(13,575)
Valuation allowance	(3,351)
Net deferred tax asset	$ 2,330

K. INCOME TAXES -- (CONTINUED)

The valuation allowance applies to U.S. federal and foreign tax credit carryforwards, and net operating losses carryforwards in certain foreign jurisdictions that may expire before the Company can utilize them. For U.S. federal and foreign tax return purposes, the Company has approximately $8.4 million and $10.7 million, respectively of net operating loss carryforwards, of which $5.2 million expire in the years 1995 through 1998, $8.4 million expire in the year 2005, and $5.5 million may be carried forward indefinitely. The Company also has available U.S. federal and foreign tax credits carryforwards of approximately $4.1 million, of which $2.4 million expire in the years 2000 through 2002, $0.5 million in the year 2008, and the remainder indefinitely.

The components of the provision (benefit) for deferred income taxes for the years ended December 31, 1992 and 1991 are as follows (in thousands):

	1992	1991
Accelerated depreciation and amortization		$(295)
Restoration (reversal) of deferred taxes resulting from application of net operating losses		(300)
Other, net	$(162)	(208)
Total	$(162)	$(803)

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

	1993	1992	1991
U.S. statutory federal tax rate	35.0%	34.0%	34.0%
State income taxes, net of federal tax benefit	2.6	1.3	3.9
Utilization of operating loss carryforwards	(0.8)	(23.0)	(24.0)
Foreign losses not tax benefitted	1.2	4.9	
Foreign taxes			(1.9)
Tax credits	(3.5)		
Foreign sales corporation	(2.4)	(2.3)	
Other, net	(2.1)	(1.4)	(2.0)
Effective tax rate	30.0%	13.5%	10.0%

TERADYNE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

L. INDUSTRY SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in principally 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, deferred tax assets and certain other assets.

		ELECTRONIC TEST SYSTEMS INDUSTRY SEGMENT	BACKPLANE CONNECTION SYSTEMS INDUSTRY SEGMENT	CORPORATE AND ELIMINATIONS	CONSOLIDATED
		(IN THOUSANDS)			
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
1991	Sales to unaffiliated customers	$431,742	$77,181		$508,923
	Intersegment sales		4,462	$(4,462)	
	Net sales	431,742	81,643	(4,462)	508,923
	Operating income	28,144	4,863	(8,940)	24,067
	Identifiable assets	293,286	58,187	69,060	420,533
	Property additions	16,185	3,383	549	20,117
	Depreciation and amortization expense	29,832	5,669	1,082	36,583

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

	1993	1992	1991
		(IN THOUSANDS)	
Sales to unaffiliated customers:			
United States	$329,729	$308,635	$269,482
Europe	95,877	97,681	104,740
Asia Pacific	64,963	49,452	48,881
Japan	49,146	62,680	74,291
Other	15,019	11,133	11,529
Total sales	$554,734	$529,581	$508,923

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 1993 and 1992 (in thousands of dollars, except per share amounts):

	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)				(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

	1992			
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Net sales	$133,924	$134,813	$131,465	$129,379
Expenses:				
Cost of sales	77,088	80,260	77,800	77,330
Engineering and development	15,445	15,799	15,366	15,413
Selling and administrative	32,238	32,480	32,378	30,331
	124,771	128,539	125,544	123,074
Income from operations	9,153	6,274	5,921	6,305
Other income (expense):				
Interest income	767	466	636	660
Interest expense	(1,040)	(1,044)	(1,021)	(1,009)
Income before income taxes	8,880	5,696	5,536	5,956
Provision (credit) for income taxes	1,776	1,139	(199)	804
Net income	$ 7,104	$ 4,557	$ 5,735	$ 5,152
Net income per common share	$ 0.21	$ 0.14	$ 0.17	$ 0.15

ITEM 9: DISAGREEMENTS 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 Stockholders to be held on May 26, 1994, 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 I -- 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 Stockholders to be held on May 26, 1994, 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 Stockholders to be held on May 26, 1994, 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 Stockholders to be held on May 26, 1994, 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, 1993 and 1992
- Statements of Income for the years ended December 31, 1993, 1992 and 1991
- Statements of Cash Flows for the years ended December 31, 1993, 1992 and 1991
- Statements of Changes in Shareholders' Equity for the years ended December 31, 1993, 1992 and 1991

(A)2. FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statement schedules are included in Item 14(d):

- Schedule V -- Property
- Schedule VI -- Accumulated Depreciation, Depletion and Amortization of Property
- Schedule IX -- Short-term Borrowings
- Schedule X -- Supplementary Income Statement Information

Schedules other than those listed above have been omitted since they are either not required or the information is otherwise included.

(A)3. LISTING OF EXHIBITS

3.3 (i)	--	Restated Articles of Organization of the Company, as amended (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-3, filed with the Securities and Exchange Commission, effective December 12, 1991 and incorporated herein by reference).
3.3 (ii)	--	Amended and Restated By-laws of the Company (filed as Exhibit 3.3(iii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 and incorporated herein by reference).
3.4 (i)	--	Indenture dated as of March 15, 1987 between Zehntel, Inc. and the Bank of California, National Association, Trustees (filed as Exhibit 2.3 to the Company's Registration Statement on Form 8-A, filed with the Securities and Exchange Commission, effective February 17, 1988 and incorporated herein by reference).
3.4 (ii)	--	First Supplemental Indenture between the Company, Zehntel, Inc. and the Bank of California, National Association, Trustee, dated as of December 1, 1987 (filed as Exhibit 2.4 to the Company's Registration Statement on Form 8-A, filed with the Securities and Exchange Commission, effective February 17, 1988 and incorporated herein by reference).
3.4 (iii)	--	Second Supplemental Indenture by and among the Company, Zehntel, Inc., and Bankers Trust Company of California, N.A. (filed as Exhibit 3.4(iii) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 and incorporated herein by reference).
3.4 (iv)	--	Instrument of Acknowledgment of Satisfaction and Discharge of Indenture and Securities executed by First Trust of California, National Association, successor trustee.
3.4 (v)	--	Rights Agreement between the Company and The First National Bank of Boston dated as of March 14, 1990 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 15, 1990 and incorporated herein by reference).
3.10 (i)	--	Multicurrency Revolving Credit Agreement dated April 29, 1991 (filed in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 1991 and incorporated herein by reference).

3.10 (ii)	--	First Amendment to Multicurrency Revolving Credit Agreement dated as of March 5, 1993 (filed as Exhibit 3.10(ii) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).
3.10 (iii)	--	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).
3.10 (iv)	--	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).
3.10 (v)	--	1991 Employee Stock Option Plan, as amended.
3.21	--	Subsidiaries of the Company.
3.23	--	Consent of Coopers & Lybrand.

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).

(B) REPORTS ON FORM 8-K

There have been no 8-K filings during the three months ended December 31, 1993.

(C) EXHIBITS

The Company hereby files as part of this Form 10-K the exhibits listed in Item 14 (a) 3 as set forth above.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THE

REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED THIS DAY OF MARCH, 1994.

TERADYNE, INC.

By: /s/ 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 31, 1994
OWEN W. ROBBINS Owen W. Robbins	Executive Vice President and Director (Principal Financial Officer)	March 31, 1994
JOHN P. MCCABE John P. McCabe	Controller	March 31, 1994
Edwin L. Artzt	Director	March , 1994
ALBERT CARNESALE Albert Carnesale	Director	March 31, 1994
DANIEL S. GREGORY Daniel S. Gregory	Director	March 31, 1994
Dwight H. Hibbard	Director	March , 1994
Franklin P. Johnson, Jr.	Director	March , 1994
John H. McArthur	Director	March , 1994
JOHN P. MULRONEY John P. Mulroney	Director	March 31, 1994
JAMES A. PRESTRIDGE James A. Prestridge	Executive Vice President and Director	March 31, 1994
RICHARD J. TESTA Richard J. Testa	Director	March 31, 1994
Henry M. Watts, Jr.	Director	March , 1994

ITEM 14(D): FINANCIAL STATEMENT SCHEDULES

TERADYNE, INC.

SCHEDULE V (CONSOLIDATED) -- PROPERTY

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E		COLUMN F
				OTHER CHANGES ADD (DEDUCT)		
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS	TRANSFERS	OTHER	BALANCE AT END OF PERIOD
			(DOLLARS IN THOUSANDS)			
Year ended December 31, 1993:						
Land................................	$ 19,482					$ 19,482
Buildings and improvements...........	110,906	$ 1,948	$ 616	$ 52		112,290
Machinery and equipment..............	231,882	15,194(1)	14,407	849	$11,633(3)	245,151
Construction in progress.............	734	3,426		(901)		3,259
	$363,004	$20,568	$15,023	$	$11,633	$380,182
Year ended December 31, 1992:						
Land................................	$ 19,482					$ 19,482
Buildings and improvements...........	119,647	$ 2,315	$11,181(2)	$ 125		110,906
Machinery and equipment..............	264,422	13,010(1)	58,373(2)	4,064	$ 8,759(3)	231,882
Construction in progress.............	777	4,146		(4,189)		734
	$404,328	$19,471	$69,554	$	$ 8,759	$363,004
Year ended December 31, 1991:						
Land................................	$ 17,849	$ 1,633				$ 19,482
Buildings and improvements...........	117,094	2,264	$ 269	$ 558		119,647
Machinery and equipment..............	264,361	9,680(1)	15,620	436	$ 5,565(3)	264,422
Construction in progress.............	796	975		(994)		777
	$400,100	$14,552	$15,889	$	$ 5,565	$404,328

<FN>

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(1) Backplane connection manufacturing equipment; printed-circuit board manufacturing equipment;
engineering test equipment; computer equipment and office furniture and equipment.

(2) Consists principally of the retirement of fully depreciated assets.

(3) Transfer of equipment manufactured by the Company from inventory.

TERADYNE, INC.

SCHEDULE VI (CONSOLIDATED) -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COST AND EXPENSES(1)	RETIREMENTS	OTHER CHANGES ADD (DEDUCT)	BALANCE AT END OF PERIOD
			(DOLLARS IN THOUSANDS)		
Year ended December 31, 1993:					
Buildings and improvements........	$ 24,431	$ 4,169	$ 616		$ 27,984
Machinery and equipment...........	153,519	26,598	13,998		166,119

	$ 177,950	$ 30,767	$ 14,614	$	$194,103
Year ended December 31, 1992:					
Buildings and improvements........	$ 31,378	$ 4,194	$ 11,141(2)		$ 24,431
Machinery and equipment...........	184,817	26,872	58,170(2)		153,519
	$ 216,195	$ 31,066	$ 69,311	$	$177,950
Year ended December 31, 1991:					
Buildings and improvements........	$ 27,271	$ 4,092	$ 189	$ 204 (3)	$ 31,378
Machinery and equipment...........	172,517	27,998	15,494	(204)(3)	184,817
	$ 199,788	$ 32,090	$ 15,683	$	$216,195

<FN>

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(1) The annual provisions for depreciation are principally on the straight-line method with the cost of the assets being written off over their useful lives as follows: buildings and improvements -- 5 to 40 years; and machinery and equipment -- 2 to 10 years.

(2) Consists principally of the retirement of fully depreciated assets.

(3) Reclassifications.

TERADYNE, INC.

SCHEDULE IX (CONSOLIDATED) -- SHORT TERM BORROWINGS

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
CATEGORY OF AGGREGATE SHORT-TERM BORROWINGS	BALANCE AT END OF PERIOD(1)	WEIGHTED AVERAGE INTEREST RATE AT END OF PERIOD	MAXIMUM AMOUNT OUTSTANDING DURING THE PERIOD	AVERAGE AMOUNT OUTSTANDING DURING THE PERIOD(2)	WEIGHTED AVERAGE INTEREST RATE DURING THE PERIOD(2)
			(DOLLARS IN THOUSANDS)		
Year Ended December 31, 1993:					
Notes payable -- banks................	$ 7,574	3.4%	$ 8,118	$ 7,684	4.0%
Year Ended December 31, 1992:					
Notes payable -- banks................	$ 6,849	5.3%	$ 7,060	$ 6,765	5.4%
Year Ended December 31, 1991:					
Notes payable -- banks................	$ 6,850	7.2%	$16,746	$ 10,556	7.6%

<FN>

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(1) Notes payable -- banks consist principally of one year yen denominated notes.

(2) The average amount outstanding and weighted average interest rate during the period were computed based on month-end amounts.

SCHEDULE X (CONSOLIDATED) -- SUPPLEMENTARY INCOME STATEMENT INFORMATION

COLUMN A	COLUMN B
	CHARGES TO COSTS AND EXPENSES YEARS ENDED DECEMBER 31,

ITEMS	1993	1992	1991
	(DOLLARS IN THOUSANDS)		
Maintenance and repairs	$8,375	$8,420	$8,586

<FN>

Taxes, other than payroll and income taxes, royalties, advertising and depreciation and amortization of intangible assets are not present as such amounts are less than 1% of net sales.

EXHIBIT 3.4 (iv)

INSTRUMENT OF ACKNOWLEDGEMENT
OF SATISFACTION AND DISCHARGE
OF INDENTURE AND SECURITIES

KNOWN TO ALL PERSONS BY THESE PRESENTS, THAT WHEREAS, TERADYNE, INC., a Massachusetts corporation (hereinafter referred to as the "Company"), heretofore executed and delivered to First Trust of California, National Association, a national banking association, (hereinafter referred to as the "Trustee"), as Indenture dated March 15, 1987, as amended and supplemented by the First Supplemental Indenture dated as of December 1, 1987, the Second Supplemental Indenture dated as of January 1, 1990, (as so amended and supplemented, the "Indenture"), providing, among other things, for the issuance of $15,525,000.00 in aggregate principal amount of the Company's 9 1/4% Convertible Subordinated Debentures due 2012 (the "Securities"); and

WHEREAS, the Company has made arrangements satisfactory to the Trustee for the giving of notice of redemption of the Securities by the Trustee in the name and at the expense of the Company on October 7, 1993; and

WHEREAS, the Company has deposited with the Trustee as trust funds the entire amount in immediately available funds sufficient to pay upon redemption all of the Securities not hereto converted, cancelled and delivered to the Trustee for cancellation, including principal and any interest due or to become due to the redemption date in accordance with the provisions of Sections 8.01, 8.02 and 8.03 of the indenture; and

WHEREAS, the Company has made a written demand that the Trustee execute this Instrument of Acknowledgment of Satisfaction and Discharge of Indenture and Securities; and

WHEREAS, the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel pursuant to Section 8.01 of the Indenture, each stating that all conditions precedent provided for the Indenture relating to the satisfaction and discharge of the Indenture have been complied with;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt whereof is hereby acknowledged, the Trustee does for itself, its successors and assigns, hereby acknowledge satisfaction of the Indenture and the Securities and does hereby discharge the Indenture and the Securities, and the Indenture shall be of no further force and effect; provided however it being understood that the Company's obligations in Sections 2.03, 2.05, 2.06, 2.07, 7.07, and 8.05 and the Trustee's obligations in Sections 8.03 and 8.05 shall survive until the Securities are no longer outstanding. Thereafter, the Company's obligations in Sections 7.07 with respect to indemnity shall survive for a period of seven years from the date of

redemption and Section 8.05 shall survive for a period of two years from the date of redemption.

IN WITNESS WHEREOF, FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, as Trustee, has caused this Instrument of Acknowledgment of Satisfaction and Discharge of Indenture and Securities to be executed by one of First Trust of California, National Association's Assistant Vice Presidents and the corporate seal to be affixed hereunto, and the same to be attested by an Assistant Secretary all as of the 4th day of January, 1994.

FIRST TRUST OF CALIFORNIA, NATIONAL
ASSOCIATION, as Trustee

By: /s/ Jacqueline Alliegro

Name: Jacqueline Alliegro
Title: Assistant Vice President

Attest:

By: /s/ L.L. Lopes

Name: L.L. Lopes
Title: Assistant Secretary

EXHIBIT 3.10 (v)

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 inividuals 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 to 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. No 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 or 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 form 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 NSOs' 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 statue.

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 ate 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 form 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 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 optionees 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 of Liquidation. In the event of the proposed 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 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 Lo the cash exercise price of the Option, or (c) at the discretion of the Committee in exceptional cases, by delivery of the optionee's personnel 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 the 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 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 3.22

PRESENT SUBSIDIARIES

	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OF VOTING SECURITIES OWNED
Teradyne Assembly GmbH Ltd	West Germany	100%
Teradyne Benelux, Inc	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.1	Italy	100%
Teradyne Japan, Ltd	Delaware	100%
Teradyne K.K	Japan	100%
Teradyne Korea, Ltd	Delaware	100%
Teradyne Leasing, Inc	Massachusetts	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 Singapore, Ltd	Delaware	100%
Teradyne Taiwan, Ltd	Delaware	100%
Zehntel Holdings, Inc	California	100%
Zehntel, SARL	France	100%
1000 Washington, Inc	Massachusetts	100%

EXHIBIT 3.23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Teradyne, Inc. on Form S-8 (File Nos. 33-25868; 33-16077; 33-42352; and 33-38251) and Form S-3 (File No. 33-44347) of our report dated January 24, 1994, on our audits of the consolidated financial statements and financial statement schedules of Teradyne, Inc. and Subsidiaries as of December 31, 1993 and 1992, and for the years ended December 31, 1993, 1992 and 1991, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND

Boston, Massachusetts
March 25, 1994