



Corporate Governance Guidelines

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TERADYNE, INC.

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the "Board") of **TERADYNE, INC.** (the "Company") has adopted the following Corporate Governance Guidelines (the "Guidelines") to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its stockholders. The Guidelines should be applied in a manner consistent with all applicable laws and stock exchange rules and the Company's charter and bylaws, each as amended and in effect from time to time. The Guidelines provide a framework for the conduct of the Board's business. The Board may modify or make exceptions to the Guidelines from time to time in its discretion and consistent with its duties and responsibilities to the Company and its stockholders.

A. Director Qualification Standards

1. Independence. A majority of the members of the Board shall be independent directors. To be considered independent: (1) a director must be independent as defined by the SEC, the New York Stock Exchange Listed Company Manual and their related rules and (2) in the Board's judgment, the director must not have a material relationship with the Company.
2. Other Directorships. A director shall limit the number of other public company boards on which he or she serves to no more than four (4) public company boards, so that he or she is able to devote adequate time to his or her duties to the Company, including preparing for and attending meetings. Directors should notify the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. Service on boards and/or committees of other organizations shall comply with the Company's conflict of interest policies.

B. Director Selection Process

1. Selection of Director Candidates. Except where the Company is legally required by contract or otherwise to provide third parties with the authority to nominate directors, the Nominating and Corporate Governance Committee shall be responsible for (i) identifying individuals qualified to become Board members and (ii) recommending to the Board the persons to be nominated by the Board for election or re-election as directors at the annual or special meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. Director nominees shall be selected by the Nominating and Corporate Governance Committee in accordance with these Guidelines, the policies and principles in its charter and the criteria set forth in Attachment A to these Guidelines. It is expected that the Nominating and Corporate Governance Committee will have direct input from the Chair of the Board and from the Chief Executive Officer. The Nominating and Corporate Governance Committee shall be responsible for reviewing with the Board, on an annual basis, the requisite skills and criteria for Board members as well as the composition of the Board as a whole.
2. Extending the Invitation to a New Director Candidate to Join the Board. The invitation to join the Board should be extended by the Chair of the Board, on behalf of the Board, and the Chair of the Nominating and Corporate Governance Committee, on behalf of such Committee.

C. Board Leadership

1. Selection of Chairman of the Board. The Board has the flexibility to decide whether it is best for the Company, at any given point in time, for the roles of the Chief Executive Officer and the Chair of the Board to be separate or combined and, if separate, whether the Chair should be selected from the independent directors, non-management directors, or be

- an employee.
2. Former Chief Executive Officer's Board Membership. The continuation of a former Chief Executive Officer of the Company on the Board, including remaining in the position of Chair, is a matter to be decided in each individual instance by the Board, upon recommendation of the Nominating and Corporate Governance Committee.
 3. Lead Director. The Chair of the Board shall serve as the lead director when the chair is an independent director. Attachment B sets forth the summary of duties of the independent Chair of the Board and the overarching principles describing the relationship between the independent Chair of the Board and the Chief Executive Officer. In the event the Chair is not an independent director, the Board shall designate an independent lead director for a specified term of at least one year. The lead director chairs executive sessions of the independent and non-management directors and performs such other duties as the Board may delegate from time to time to assist the Board in fulfillment of its responsibilities.

D. Board Composition

1. Size of the Board. The Company's Bylaws require the Board to consist of 3-15 members.
2. Term and Tenure. Directors elected at the annual meeting of shareholders serve a one year term. Directors who have been elected to fill a vacancy complete the remainder of the former director's one year term. There are no limits on the number of terms that a director can serve. Term limits could result in loss of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and an institutional memory that benefit the entire membership of the Board, as well as management. The re-nomination of existing directors should not be viewed as automatic but should be based on continuing qualification under the criteria set forth in Attachment A. The Nominating and Corporate Governance Committee shall consider the existing directors' performance on the Board and any committee and review each director's continuation on the Board annually.
3. Resignation of Holdover Directors in an Uncontested Election. In the case of uncontested elections, directors are elected by the majority of the votes cast. Any director who fails to receive the requisite majority vote at any meeting for an uncontested election shall, promptly following certification of the shareholder vote, offer his or her resignation to the Board for consideration in accordance with the following procedures, all of which procedures shall be completed within 90 days following certification of the shareholder vote:
 - a. The Committee (as defined below) shall evaluate the best interests of the Company and its shareholders and shall recommend to the Board whether to accept or reject the resignation or take other action. In reaching its recommendation, the Committee shall consider all factors it deems relevant, including, as it deems appropriate, any stated reasons why shareholders voted against such director, the director's tenure, the director's qualifications, the director's past and expected future contributions to the Company and the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet any applicable SEC or NYSE requirements.
 - b. The Board shall act on the Committee's recommendation. In acting on the Committee's recommendation, the Board will consider all of the factors considered by the Committee and such additional factors as it deems relevant.
 - c. Following the Board's determination, the Company shall promptly publicly disclose in a document furnished or filed with the SEC the Board's decision of whether or not to accept the resignation offer and an explanation of how the decision was reached, including, if applicable, the reasons for rejecting the offered resignation.
 - d. A director who is required to offer his or her resignation in accordance with this policy shall not be present during deliberations or voting of the Committee or the Board regarding whether to accept his or her resignation or, except as otherwise provided below, a resignation offered by any other director in accordance with this policy. Prior to voting, the Committee and the Board will afford the affected director an opportunity to provide the Committee or the Board with any information or statement that he or she deems relevant.
 - e. For purposes of this policy, the term "Committee" means (i) the Nominating and Corporate Governance Committee, provided such committee then consists of at least three directors, each of whom is an independent director (as defined in accordance with the Company's Corporate Governance Guidelines) and none of whom is a director who is required to offer his or her resignation in accordance with this policy or (ii) if clause (i) is not satisfied, a committee of at least three directors designated by the Board, each of the members of which is an independent director (as defined in accordance with the Company's Corporate Governance Guidelines) and none of the members of which is a director who is required to offer his or her resignation in accordance with this policy; provided, however, that if there are fewer than three independent directors then serving on the Board who are not required to offer their resignations in accordance with this policy, then the Committee shall be comprised of all of the independent directors and each independent director who is required to offer his or her resignation in accordance with this policy shall recuse himself or herself from the Committee and Board's deliberations and

voting with respect to his or her individual offer to resign.

E. Director Responsibilities

1. Oversee Management of the Company. The principal responsibility of the directors is to oversee the management of the Company and, in so doing, to serve the best interests of the Company and its stockholders. This responsibility includes:
 - a. Reviewing and approving fundamental operating, financial and other corporate plans, strategies and objectives.
 - b. Evaluating the performance of the Company and the Chief Executive Officer and taking appropriate action, including removal, when warranted.
 - c. Determining the compensation of the Chief Executive Officer and other Executive Officers named in the Proxy Statement ("Named Executive Officers").
 - d. Requiring and overseeing succession plans for the Chief Executive Officer and the other Named Executive Officers.
 - e. Establishing a corporate environment that promotes timely and effective disclosure (including robust disclosure controls, procedures and incentives), fiscal accountability, high ethical standards and compliance with all applicable laws and regulations.
 - f. Establishing a process by which security holders and/or interested parties can send communications directly to the Board, the "non-management" directors as a group, and/or individual directors.
 - g. Reviewing and approving material transactions and commitments not entered into in the ordinary course of business.
 - h. Developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
 - i. Providing advice and assistance to the Company's senior executives.
 - j. Evaluating the overall effectiveness of the Board and its committees, at least annually.
2. Exercise Business Judgment. In discharging their fiduciary duties of care, loyalty and candor, directors are expected to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders.
3. Understand the Company and its Business. Directors have an obligation to become and remain informed about the Company and its business, including the principal operational and financial objectives, strategies and plans of the Company and the problems, risks and success factors affecting the Company's business.
4. Notification of Change in Corporate Affiliation. If a non-management director retires or changes the position he or she held upon first becoming a member of the Board, the director has an obligation to notify the Chair of the Board and the Chair of the Corporate Nominating and Governance Committee of any change in his or her affiliation or responsibility. This notice allows the Board, through the Nominating and Corporate Governance Committee, to review the appropriateness of Board membership under the changed circumstances.
5. Review of Systems. Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning or affecting the Company.
6. Board and Committee Meetings. Directors are responsible for attending regularly scheduled and special Board meetings and meetings of committees on which they serve, and devoting the time needed, and meeting as frequently as necessary, to discharge their responsibilities properly.
7. Reliance on Management and Advisors; Indemnification. The directors are entitled to rely on the Company's senior executives and its outside advisors, auditors and legal counsel. The directors are also entitled to Company-provided indemnification, statutory exculpation, and directors' and officers' liability insurance.

F. Board Meetings

1. Selection of Agenda Items. The Chair of the Board shall work with the Chief Executive Officer and establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of agenda items and is free to raise at any Board meeting subjects that are not on the agenda for that meeting. During at least one meeting each year, the Board shall review the Company's long-term strategic plans and the principal issues that the Company expects to confront in the future.
2. Frequency and Length of Meetings. The Chair of the Board, in consultation with the members of the Board and the Chief Executive Officer, shall establish the frequency and length of the Board meetings. Special meetings may be called from time to time as determined by the needs of the business. The Board meets a minimum of four (4) times per fiscal year and each member is expected to attend the annual meeting of shareholders.
3. Advance Distribution of Materials. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting are distributed in writing to the directors before the meeting, as necessary, and directors should review these materials in advance of the meeting.
4. Executive Sessions. The "non-management" directors, as defined by the rules of the New York Stock Exchange, shall meet in executive session at least semi-annually. The non-management directors will meet in executive session at other times at the request of any non-management director. The independent directors, as defined by the SEC and the rules of the NYSE, shall meet in executive session at least once per year. The independent directors will meet in executive session at other times at the request of any independent director. The Chair of the Board or the independent lead director, as the case may be, shall develop the agenda for and moderate the executive sessions, as well as, debrief the Chief Executive Officer regarding such executive sessions. Absent unusual circumstances, these sessions shall be held in conjunction with regular Board meetings.
5. Attendance of Non-Directors at Board Meetings. The Board welcomes regular attendance at each Board meeting of senior executives of the Company. Furthermore, the Board encourages the senior executives of the Company to bring, from time to time, Company personnel into Board meetings who (i) can provide additional insight into the items being discussed because of personal involvement in these areas or (ii) appear to be persons with future potential who should become known to the Board.

G. Board Committees

1. Key Committees. The Board shall have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each such committee shall have a charter that has been approved by the Board. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.
2. Committee Charters. Charters shall be established for the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee in accordance with applicable SEC, NYSE and other regulatory rules. The Board shall, from time to time as it deems appropriate, review and reassess the adequacy of each charter and make appropriate changes.
3. Selection of Agenda Items. The chair of each committee, in consultation with the committee members, shall develop the committee's agenda.
4. Frequency and Length of Committee Meetings. The chair of each committee, in consultation with the committee members, shall establish the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. Special meetings may be called from time to time as determined by the needs of the business and the responsibilities of the committees.

H. Director Access to Management and Independent Advisors

1. Access to Officers and Employees. Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director.
2. Access to Independent Advisors. The Board and each committee shall have the power to hire and consult with independent legal, financial or other advisors for the benefit of the Board or such committee, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. Such independent advisors may be the regular advisors to the Company. The Board or any such committee is empowered, without further action by the Company, to cause the Company to pay the compensation of such advisors as established by the Board or any such committee.

I. Director Compensation

1. Role of Board and Compensation Committee. The form and amount of director compensation shall be determined by the Board in accordance with the policies and principles set forth in items 2-4 below. The Compensation Committee shall review from time to time, but no less than once per year, the compensation of the Company's directors.
2. Form of Compensation. Director compensation may contain a cash retainer, an equity award or a combination of both. Including equity as part of director compensation helps align the interest of directors with those of the Company's stockholders.
3. Amount of Consideration. The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate directors at least competitively and in a manner consistent with market practices.
4. Employee Directors. Directors who are also employees of the Company shall receive no additional compensation for Board or committee service.

J. Director Orientation and Continuing Education

1. Orientation. The Nominating and Corporate Governance Committee shall review the effectiveness of the orientation process for newly elected members of the Board.
2. Continuing Education. Each director is expected to be involved in continuing director education on an ongoing basis to enable him or her to better perform his or her duties and to recognize and deal appropriately with issues that arise. The Nominating and Corporate Governance Committee shall regularly assess the adequacy of and need for additional continuing director education programs. The Company shall pay all reasonable expenses related to continuing director education.

K. Policy on Rights Plan

1. A shareholder rights plan is any arrangement pursuant to which, directly or indirectly, common stock purchase rights may be distributed to shareholders that provide all shareholders, other than persons who meet certain criteria specified in the arrangement, the right to purchase common stock at less than the prevailing market price of common stock (also referred to herein as a "poison pill").
2. The Board has adopted a statement of policy that it shall seek and obtain shareholder approval before adopting a poison pill; provided, however, that the Board may determine to act on its own to adopt a poison pill, if, under the circumstances, the Board, including a majority of the independent directors, in its exercise of its fiduciary responsibilities, deems it to be in the best interests of the Company's shareholders to adopt a poison pill without the delay in adoption that would come from the time reasonably anticipated to seek shareholder approval.
3. If the Board were ever to adopt a poison pill without prior shareholder approval, the Board would either submit the poison pill to shareholders for ratification, or cause the poison pill to expire within one year.

L. Management Evaluation and Succession

1. Selection of Chief Executive Officer. The Board selects and evaluates the Company's Chief Executive Officer in the manner that it determines to be in the best interests of the Company's stockholders.
2. Evaluation of Chief Executive Officer. The independent Chair of the Board, the independent members of the Board of Directors or the Compensation Committee shall be responsible for overseeing the evaluation of the Company's Chief Executive Officer.
3. Succession of Named Executive Officers. The Board of Directors shall be responsible for requiring and overseeing the Chief Executive Officer and other Named Executive Officer succession plans. The Board may, in its discretion, delegate such responsibility to one or more of its committees.

M. Code of Business Conduct

The Company maintains, and the Audit Committee reviews and oversees compliance with, a code of business conduct and ethics for directors, officers, and all employees that shall address, at a minimum, conflicts of interest, corporate opportunities, confidentiality, proper use of Company assets, compliance with laws, rules and regulations, and reporting of any illegal or unethical behavior. The code of business conduct currently in effect shall be reviewed by the Audit Committee from time to time. Directors, as well as all officers and employees, are subject to the code of conduct with respect to their director related activities.

N. Annual Performance Evaluation of the Board

The Nominating and Corporate Governance Committee shall oversee an annual self-evaluation of the Board to determine whether it and its committees are functioning effectively.

O. Periodic Review of the Corporate Governance Guidelines

The Nominating and Corporate Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of these Guidelines and recommend any proposed changes to the Board for approval.

General Criteria

1. Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.
2. Nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.
3. Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.
4. Nominees should ensure that existing and future commitments would not materially interfere with the Board members obligations to the Company.
5. Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.
6. Nominees, excluding directors serving on Teradyne's Board on January 28, 1997, must be 72 years or younger as of the date of their election or appointment.

Application of Criteria to Existing Directors

The renomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. In addition, the Nominating and Corporate Governance Committee shall consider the existing directors' performance on the Board and any committee.

Criteria for Composition of the Board

The backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities.

OVERARCHING PRINCIPLES

- The Chief Executive Officer's role is to develop policy and strategic direction for the Company and to provide management of the day-to-day operations.
- The Chair of the Board's role is to be responsible for coordinating the activities of the Board, ensuring the review of both short and long term areas of interest to shareholders.
- The relationship between the Chief Executive Officer, the management team, and all of the independent board members is one of full and open access.

The following list highlights the duties of the independent Chair of the Board:

- Work with the Chief Executive Officer to develop board agendas and set schedule for Board meetings.
- Preside over Board meetings.
- Develop agenda for executive sessions of the independent directors.
- Moderate the executive sessions of the independent directors.
- Discuss executive session subjects with the Chief Executive Officer.
- Chief Executive Officer serves as spokesperson for the Company. As required, the Chair of the Board serves as a representative of the Board with management and the public.