

# TERADYNE \$460M CONVERTIBLE BOND DILUTION DETAILS

Stock Price at Closing (12/6/16): \$24.97  
 Strike Price (27.5% above close) : \$31.84  
 Call Overlay Strike Price (60% above close): \$39.95

Interest Rate: 1.25%, Term: 7 Years  
 Redemption: Net Share Settlement  
 Number of Shares underlying the convert: 14.4M<sup>1</sup>

## GAAP Accounting

<u>Pre-tax Interest Expense @ 5%</u>	<u>Share Count Dilution</u>	
	<u>Price</u>	<u>Shares</u>
2017 \$18.1M	\$32	0.1M
2018 \$18.7M	\$34	0.9M
2019 \$19.4M	\$36	1.7M
2020 \$20.1M	\$38	2.3M
2021 \$20.8M	\$40	3.0M
2022 \$21.6M	\$42	4.2M
2023 \$22.4M	\$44	5.3M
	\$46	6.3M
	\$48	7.3M
	\$50	8.2M

## Non-GAAP Accounting

<u>Pre-tax Interest Expense @ 1.25%</u>	<u>Share Count Dilution</u>	
	<u>Price</u>	<u>Shares</u>
\$5.8M/year	\$40	0M
	\$42	0.7M
	\$44	1.3M
	\$46	1.9M
	\$48	2.4M
	\$50	2.9M

NOTE: GAAP accounting 'imputes' interest at 5% through estimating a market rate of debt rather than using the coupon rate. GAAP accounting does not recognize the call option that raises the effective strike price from \$31.84 to \$39.95. Therefore, GAAP dilution begins at prices above \$31.84

<sup>1</sup> \$460M face value divided by \$31.84 = 14.4M shares