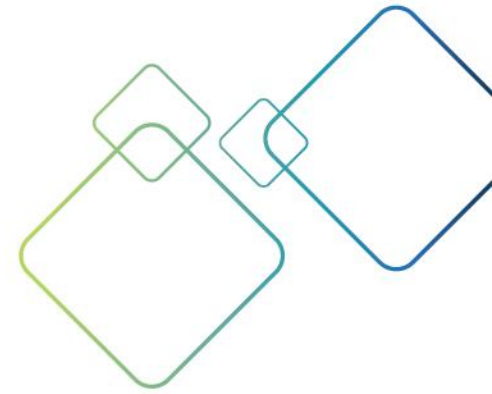


TERADYNE



Financial Results for Q1 2017 April 27, 2017





SAFE HARBOR

This presentation contains forward-looking statements regarding Teradyne's future business prospects, results of operations, market conditions, earnings per share, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program, use of proceeds and potential dilution from the senior convertible notes offering and potential borrowings under a senior secured credit facility. Such statements are based on the current assumptions and expectations of Teradyne's management and are neither promises nor guarantees of future performance, events, earnings per share, use of cash, payment of dividends, repurchases of common stock, payment of the senior convertible notes, or availability of, or borrowing under, the credit facility. There can be no assurance that management's estimates of Teradyne's future results or other forward looking statements will be achieved. Additionally, the current dividend and share repurchase programs may be modified, suspended or discontinued at any time. Important factors that could cause actual results, earnings per share, use of cash, dividend payments, repurchases of common stock, payment of the senior convertible notes, or borrowings under the credit facility to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand from one of more significant customers; development, delivery and acceptance of new products; the ability to grow Universal Robots' business; increased research and development spending; deterioration of Teradyne's financial condition; the consummation or success of any mergers or acquisitions; unexpected cash needs; insufficient cash flow to make required payments and pay the principal amount on the senior convertible notes; the business judgment of the board of directors that a declaration of a dividend, the repurchase of common stock or borrowing under the credit facility is not in the Company's best interest; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the "Risk Factors" section of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2016. The forward-looking statements provided by Teradyne in this presentation represent management's views as of the date of this presentation. Teradyne anticipates that subsequent events and developments may cause management's views to change. However, while Teradyne may elect to update these forward-looking statements at some point in the future, Teradyne specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Teradyne's views as of any date subsequent to the date of this presentation.

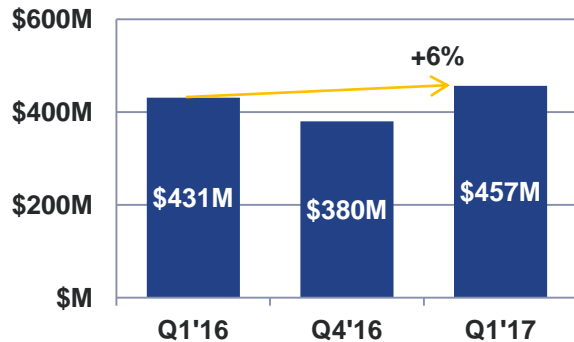
Business Update and Outlook

Mark Jagiela, Teradyne President and CEO

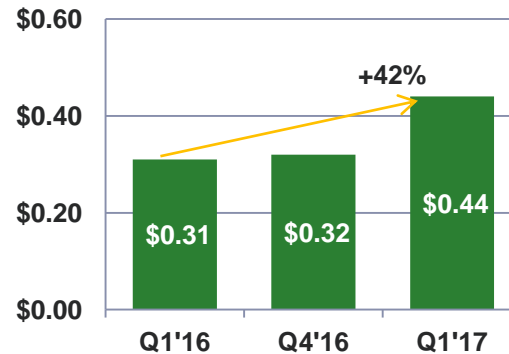


Q1'17 Summary

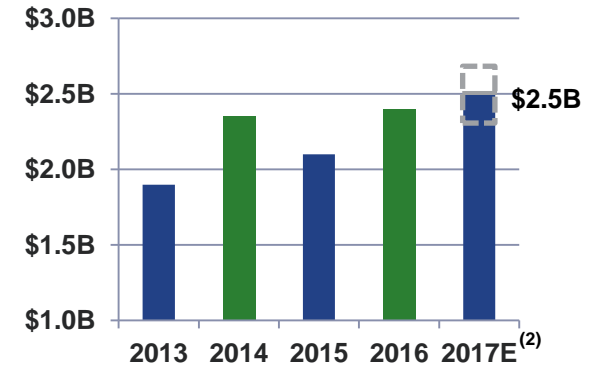
6% Sales Growth and 42% Non-GAAP Earnings Growth vs Q1'16



Sales



Non-GAAP EPS⁽¹⁾



SOC Test Market

- Strength in Mobility, Automotive, Image Sensor and Analog end markets
- Universal Robots Q1'17 sales up 117% from Q1'16

- \$0.44 in non-GAAP EPS in Q1'17
- 1H non-GAAP EPS of \$1.29 at mid-point of Q2 range

- Expect 2017 SOC Test market to be \$2.4B-\$2.6B
- Expect to gain ~1pt of SOC share, from 51% in 2016

(1) See appendix for GAAP to Non-GAAP reconciliation

(2) 2017E market size of \$2.5B is at the midpoint of \$2.4B - \$2.6B range

Q1'17 Update

- Mobility, Automotive, Analog, Image Sensor, Memory Test and UR drove Q1 orders
- Expect 2017 SOC Test market of \$2.4B - \$2.6B, up \$150M at the mid-point from January estimate
- Expect 2017 Memory Test market at high end of \$450M to \$550M range
- Universal Robots sales up 117% from Q1'16; Expect 50%+ annual growth in 2017
- In 2017, plan to repurchase a minimum of \$200M in TER shares and pay \$56M in dividends

First Quarter Financial Results and Second Quarter Guidance

Greg Beecher, Teradyne Vice President and Chief Financial Officer



Semiconductor Test Segment Summary

Semiconductor Test

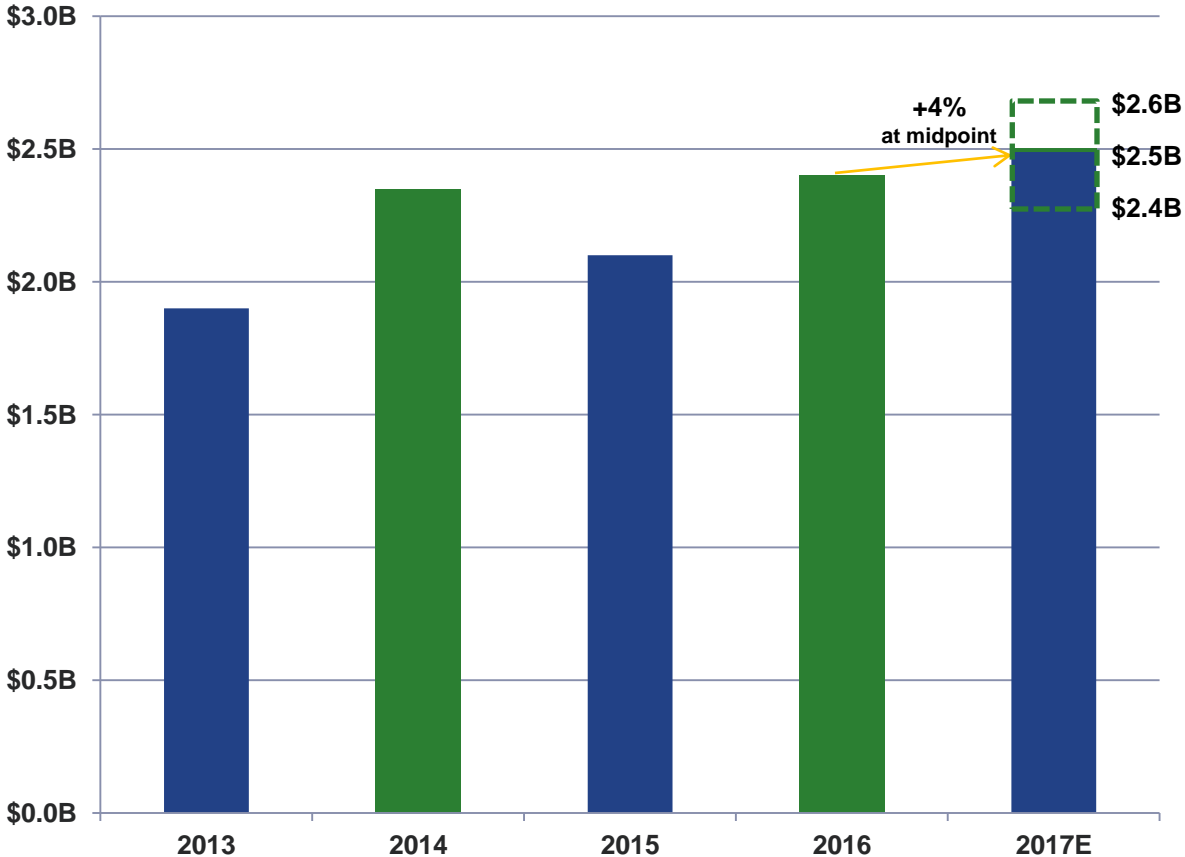
1st Qtr Orders: \$476M
1st Qtr Sales: \$356M

Mobility, Automotive, Image Sensor and Analog end markets driving TAM growth

Targeting healthy, long-term device growth segments

Mobility segment healthy as chip complexity continues to grow

SOC Test Market



Segment Summary

<h2>Industrial Automation</h2>	<h2>System Test</h2>	<h2>Wireless Test</h2>
<p>1st Qtr Orders: \$45M 1st Qtr Sales: \$36M</p> <p>Q1'17 sales up 117% vs Q1'16</p> <p>Expanding range of end market applications</p> <p>Over 300 channel partners driving global sales growth</p>	<p>1st Qtr Orders: \$46M 1st Qtr Sales: \$40M</p> <p>Defense/Aerospace & Production Board Test performing at model profitability</p> <p>Storage Test operating at loss; Investing in new product for new application</p>	<p>1st Qtr Orders: \$27M 1st Qtr Sales: \$25M</p> <p>Operating model tuned for smaller market</p> <p>New Wi-Fi & Cellular standards should improve environment in mid-term</p>

Cash and Capital Return Summary

1.3M shares repurchased for \$38M at avg price of \$29.38, and \$14M in dividends in Q1'17

	Cash Resources ⁽¹⁾		
	<u>U.S.</u>	<u>Offshore</u>	<u>Total</u>
Gross Cash Resources at 4/02/2017	\$778M	\$704M	\$1,482M
Minimum Operating Balance	<u>\$300M</u>	<u>\$100M</u>	<u>\$400M</u>
Available Cash Resources	\$478M	\$604M	\$1,082M
2017 Cash Return Through Q1:	\$52M		
Minimum 2017 Cash Return ⁽²⁾ :	\$256M		

U.S. vs. Foreign Cash Generation History ⁽³⁾					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
U.S.	\$189M	\$199M	\$61M	\$88M	\$75M
Foreign	\$113M	(\$19M)	\$283M	\$255M	\$305M
Total	\$302M	\$180M	\$344M	\$343M	\$380M
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
U.S. %	63%	111%	18%	26%	20%
Foreign %	37%	-11%	82%	74%	80%

(1) Includes cash, cash equivalents and marketable securities

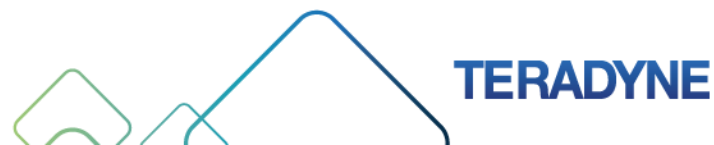
(2) \$200M minimum buyback and \$56M in dividends

(3) Includes free cash flow plus approximately \$20M annually for cash received from Teradyne's Employee Stock Purchase Plan. Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions; see GAAP to non-GAAP reconciliations.

Q1'17 Non-GAAP Results

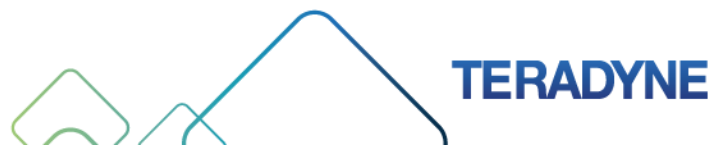
\$s in millions, except EPS	Q1'16 Actual ⁽¹⁾		Q4'16 Actual ⁽¹⁾		Q1'17 Actual ⁽¹⁾	
Sales		\$431M		\$380M		\$457M
Gross Margin	53.3%	\$230M	57.4%	\$218M	58.0%	\$265M
R&D	17.1%	\$74M	18.6%	\$71M	16.7%	\$76M
SG&A	18.5%	\$80M	20.2%	\$77M	18.6%	\$85M
OPEX	<u>35.6%</u>	<u>\$153M</u>	<u>38.8%</u>	<u>\$148M</u>	<u>35.2%</u>	<u>\$161M</u>
Operating Profit	17.7%	\$77M	18.6%	\$71M	22.7%	\$104M
Income Taxes (& effective tax rate)	17%	\$13M	9%	\$6M	16%	\$17M
EPS		\$0.31		\$0.32		\$0.44
Diluted Shares		206M		203M		202M
Net Orders		\$389M		\$628M		\$595M

10 (1) See attached appendix for GAAP to non-GAAP reconciliations.



Q2'17 Non-GAAP Guidance

\$s in millions, except EPS	Q1'17 Actual⁽¹⁾	Q2'17 Guidance⁽¹⁾
Sales	\$457M	\$660M - \$700M
Gross Margin	58%	55%
OPEX	35%	25% - 26%
Operating Profit	23%	29% - 30%
Net Interest & Other Income	\$2M	\$1M
Effective Tax Rate	16%	16%
EPS	\$0.44	\$0.81 - \$0.90
Diluted Shares	202M	201M



OPEX

Annual Non-GAAP OPEX ⁽¹⁾				
	2014	2015	2016	2017E
UR ⁽²⁾		\$14M	\$43M	↑
Test	\$525M	\$514M	\$513M	→
Variable Comp	<u>\$46M</u>	<u>\$61M</u>	<u>\$53M</u>	↑
Total OPEX	\$571M	\$589M	\$609M	↑

- UR OPEX increasing to ~\$18M per quarter in 2017 on further distribution investments
- Test OPEX ~flat YoY in 2017 excluding changes in variable compensation tied to profitability levels

(1) See attached appendix for GAAP to non-GAAP reconciliations.
 (2) Commencing from date of acquisition - June 12th, 2015 onwards

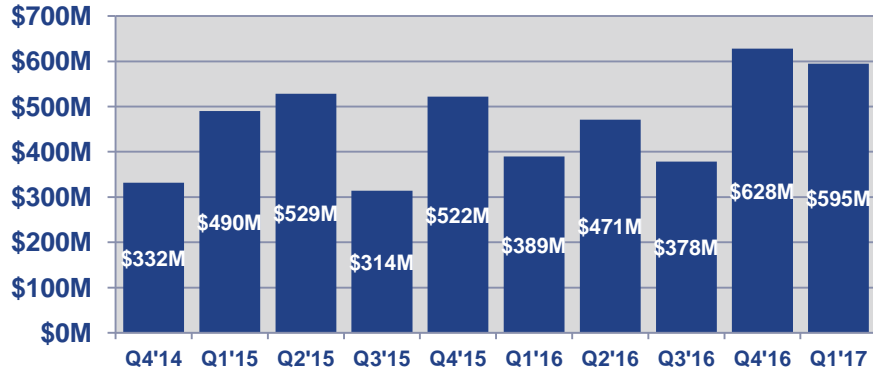
Q1'17 Update

- Mobility, Automotive, Analog, Image Sensor, Memory Test and UR drove Q1 orders
- Expect 2017 SOC Test market of \$2.4B - \$2.6B, up \$150M at the mid-point from January estimate
- Expect 2017 Memory Test market at high end of \$450M to \$550M range
- Universal Robots sales up 117% from Q1'16; Expect 50%+ annual growth in 2017
- In 2017, plan to repurchase a minimum of \$200M in TER shares and pay \$56M in dividends

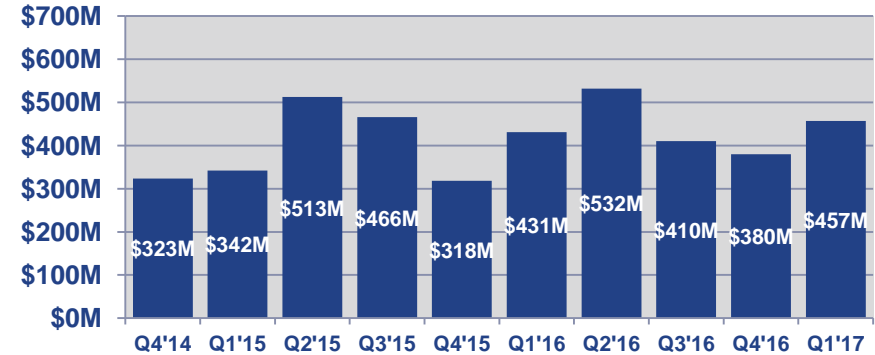
Supplemental Information

Q1'17 Company Orders and Sales

Total Company Orders



Total Company Sales



- Q1'17 Orders up 53% from Q1'16
- Highest Q1 Sales Since Q1'00

Cash & Balance Sheet

	Q1'16 Actual	Q4'16 Actual	Q1'17 Actual
Cash and Marketable Securities	<u>\$975M</u>	<u>\$1,613M</u>	<u>\$1,482M</u>
• U.S.	\$461M	\$845M	\$778M
• Off-Shore	\$514M	\$768M	\$704M
Inventory	\$161M	\$136M	\$203M
DSO	55 days	46 days	63 days
Capital Additions	\$20M	\$19M	\$22M
Depreciation and Amortization ⁽¹⁾	\$45M	\$33M	\$36M
Free Cash Flow ⁽²⁾	\$15M	\$17M	(\$83M)

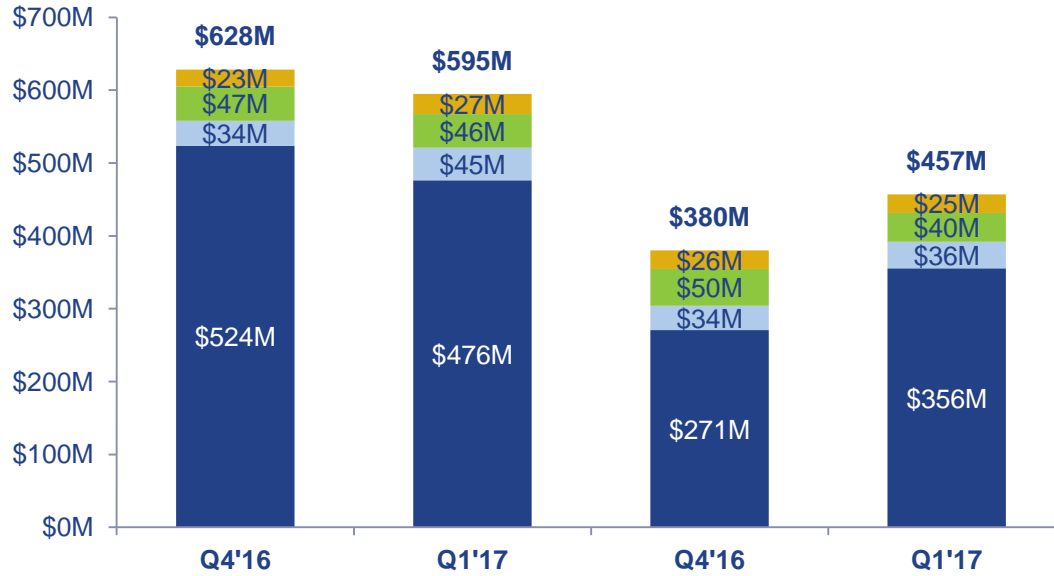
(1) Including stock based compensation

(2) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions; see GAAP to non-GAAP reconciliations.

Sales & Order Detail

Orders

Sales



■ Semiconductor Test ■ Industrial Automation ■ System Test ■ Wireless Test

Book to Bill	Q4'16	Q1'17
Semiconductor Test	1.9	1.3
Industrial Automation	1.0	1.2
System Test	0.9	1.2
Wireless Test	<u>0.9</u>	<u>1.1</u>
Total	1.7	1.3

	Q4'16		Q1'17	
Sales				
Product	80%	\$304M	82%	\$373M
Service	20%	<u>\$76M</u>	18%	<u>\$84M</u>
Total		\$380M		\$457M

	Q4'16		Q1'17	
Orders				
Product	86%	\$539M	83%	\$492M
Service	14%	<u>\$89M</u>	17%	<u>\$103M</u>
Total		\$628M		\$595M

Bookings/Region	Q4'16		Q1'17	
	Asia	74%	74%	60%
US	10%	11%	17%	12%
Europe	6%	7%	9%	8%
Japan	8%	6%	12%	12%
Rest of World	<u>1%</u>	<u>2%</u>	<u>2%</u>	<u>1%</u>
	100%	100%	100%	100%

Backlog	
Ending Q1'17	\$868M
Shippable within 6 months	~80%



Appendix | GAAP to Non-GAAP Reconciliation

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses in this presentation and on the earnings call non-GAAP results of operations that exclude certain income items and charges. These results are provided as a complement to results provided in accordance with GAAP. These non-GAAP performance measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with the Company's business plan, historical operating results and the operating results of the Company's competitors. Management believes each of these non-GAAP performance measures provides useful supplemental information for investors, allowing greater transparency to the information used by management in its operational decision making and in the review of the Company's financial and operational performance, as well as facilitating meaningful comparisons of the Company's results in the current period compared with those in prior and future periods. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this presentation is contained in the following slides and on the Teradyne website at www.teradyne.com by clicking on "Investors" and then selecting the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP performance measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

Appendix | GAAP to Non-GAAP Reconciliation

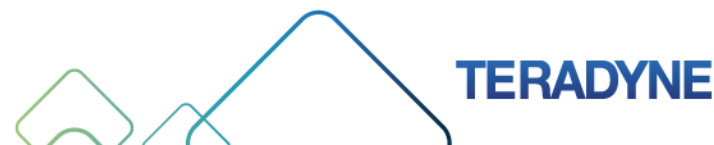
GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended	
	April 2, 2017	% of Net Revenues	December 31, 2016	% of Net Revenues	April 3, 2016	% of Net Revenues	December 31, 2016	% of Net Revenues
Net revenues	\$ 456.9		\$ 380.0		\$ 431.0		\$ 380.0	
Gross profit - GAAP	\$ 264.9	58.0%	\$ 219.0	57.6%	\$ 230.3	53.4%	\$ 219.0	57.6%
Pension mark-to-market adjustments (1)	-	-	(0.8)	-0.2%	(0.4)	-0.1%	(0.8)	-0.2%
Gross profit - non-GAAP	\$ 264.9	58.0%	\$ 218.2	57.4%	\$ 229.9	53.3%	\$ 218.2	57.4%
Income from operations - GAAP	\$ 93.4	20.4%	\$ 59.2	15.6%	\$ 56.1	13.0%	\$ 59.2	15.6%
Acquired intangible assets amortization	8.0	1.8%	7.9	2.1%	20.0	4.6%	7.9	2.1%
Restructuring and other (2)	2.5	0.5%	5.6	1.5%	1.6	0.4%	5.6	1.5%
Pension mark-to-market adjustments (1)	-	-	(2.0)	-0.5%	(1.2)	-0.3%	(2.0)	-0.5%
Income from operations - non-GAAP	\$ 103.9	22.7%	\$ 70.7	18.6%	\$ 76.5	17.7%	\$ 70.7	18.6%

	Net Income per Common Share		Net Income per Common Share		Net Income per Common Share		Net Income per Common Share	
	April 2, 2017	% of Net Revenues	Basic	Diluted	December 31, 2016	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 85.2	18.6%	\$ 0.43	\$ 0.42	\$ 66.3	17.4%	\$ 0.33	\$ 0.33
Acquired intangible assets amortization	8.0	1.8%	0.04	0.04	7.9	2.1%	0.04	0.04
Restructuring and other (2)	2.5	0.5%	0.01	0.01	5.6	1.5%	0.03	0.03
Pension mark-to-market adjustments (1)	-	-	-	-	(2.0)	-0.5%	(0.01)	(0.01)
Interest and other (3)	3.1	0.7%	0.02	0.02	0.6	0.2%	0.00	0.00
Exclude discrete tax adjustments (4)	(7.0)	-1.5%	(0.04)	(0.03)	(16.2)	-4.3%	(0.08)	(0.08)
Non-GAAP tax adjustments (5)	(3.1)	-0.7%	(0.02)	(0.02)	2.4	0.6%	0.01	0.01
Net income - non-GAAP	\$ 88.7	19.4%	\$ 0.44	\$ 0.44	\$ 64.6	17.0%	\$ 0.32	\$ 0.32

	April 2, 2017	December 31, 2016	April 3, 2016
GAAP and non-GAAP weighted average common shares - basic	200.0	200.8	204.3
GAAP and non-GAAP weighted average common shares - diluted	201.9	202.9	205.7



Appendix | GAAP to Non-GAAP Reconciliation

(1) Actuarial (gains) losses recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(2) Restructuring and other consists of:

	Quarter Ended		
	April 2, 2017	December 31, 2016	April 3, 2016
Facility related	\$ 1.3	\$ -	\$ -
Contingent consideration fair value adjustment	0.6	5.4	1.2
Employee severance	0.6	0.1	0.4
	<u>\$ 2.5</u>	<u>\$ 5.6</u>	<u>\$ 1.6</u>

(3) For the quarters ended April 2, 2017 and December 31, 2016, interest and other included non-cash convertible debt interest expense.

(4) For the quarters ended April 2, 2017, December 31, 2016 and April 3, 2016, adjustment to exclude discrete income tax items. For the quarter ended December 31, 2016, adjustment to treat Wireless Test business segment goodwill and intangible assets impairments as discrete tax items.

(5) For periods after December 31, 2016, the non-GAAP annual effective tax rate is based on a with and without calculation with respect to non-GAAP reconciling items.

Appendix | GAAP to Non-GAAP Reconciliation

	Q1'16		Q4'16		Q1'17		Q2'17 Low Guidance	Q2'17 High Guidance
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	% of sales	% of sales
GAAP Operating Expenses	\$174	40%	\$160	42%	\$172	38%	27%	26%
Intangible Asset Amortization	-\$20	-5%	-\$8	-2%	-\$8	-2%	-1%	-1%
Restructuring and Other	-\$2	0%	-\$6	-1%	-\$3	-1%		
Pension MTM	\$1	0%	\$1	0%	\$0	0%		
Non GAAP Operating Expenses	\$153	36%	\$148	39%	\$161	35%	26%	25%

	Q1'16		Q4'16		Q1'17	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP SG&A Expense	\$79	18%	\$76	20%	\$85	19%
Pension MTM	\$0	0%	\$1	0%	\$0	0%
Non GAAP SG&A Expense	\$80	18%	\$77	20%	\$85	19%

	Q1'16		Q4'16		Q1'17	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP R&D Expense	\$73	17%	\$70	18%	\$76	17%
Pension MTM	\$0	0%	\$1	0%	\$1	0%
Non GAAP R&D Expense	\$74	17%	\$71	19%	\$77	17%

	Q1'16		Q4'16		Q1'17		Q2'17 Guidance
	\$'s	%	\$'s	%	\$'s	%	%
GAAP Income Tax	\$7	13%	-\$7	-13%	\$7	7%	15%
Exclude discrete tax adjustments	\$3	4%	\$16	27%	\$7	7%	0%
Tax effect of non-GAAP adjustments	\$4	6%	-\$2	-4%	\$3	3%	4%
Effect of Higher Non-GAAP PBT		-6%		-2%		-2%	-3%
Non GAAP Income Tax	\$13	17%	\$6	9%	\$17	16%	16%

Appendix | GAAP to Non-GAAP Reconciliation

	<u>2016</u>	<u>2015</u>	<u>2014</u>
GAAP Operating Expenses	1,020	673	782
Less Goodwill Impairment Charge	(255)	-	(99)
Less Intangible Asset Impairment	(83)	-	-
Less Intangible Asset Amortization	(53)	(69)	(71)
Less Restructuring and Other	(22)	(5)	(1)
Pension Mark to Market Adjustment	2	(10)	(34)
Less Equity Modification Charge	-	-	(7)
Non GAAP Operating Expenses	609	589	571

	<u>2016</u>	<u>2015</u>	<u>2014</u>
UR GAAP Operating Expenses	84	28	-
Less Intangible Asset Amortization	(25)	(14)	-
Less Restructuring and Other	(16)	-	-
UR non GAAP Operating Expenses	43	14	-

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Test GAAP Operating Expenses (1)	936	645	782
Less Goodwill Impairment Charge	(255)	-	(99)
Less Intangible Asset Impairment	(83)	-	-
Less Intangible Asset Amortization	(28)	(55)	(71)
Less Restructuring and Other	(6)	(5)	(1)
Pension Mark to Market Adjustment	2	(10)	(34)
Less Equity Modification Charge	-	-	(7)
Non GAAP Operating Expenses (1)	566	575	571

(1) = Includes Variable Compensation of \$53M, \$61M and \$46M for 2016, 2015 and 2014, respectively.

Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Reconciliation of Second Quarter 2017 guidance:

GAAP and non-GAAP second quarter revenue guidance:	\$660 million to \$700 million	
GAAP net income per diluted share	\$ 0.77	\$ 0.86
Exclude acquired intangible assets amortization	0.04	0.04
Exclude non-cash convertible debt interest	0.02	0.02
Tax effect of non-GAAP adjustments	(0.02)	(0.02)
Non-GAAP net income per diluted share	\$ 0.81	\$ 0.90

Q1'17:

GAAP net interest and other income	-\$1.4
Exclude non cash convertible debt interest	<u>\$3.1</u>
Non-GAAP net interest and other income	\$1.7

Second Quarter Guidance:

GAAP net interest and other income	-\$2.1
Exclude non cash convertible debt interest	<u>\$3.1</u>
Non-GAAP net interest and other income	\$1.0

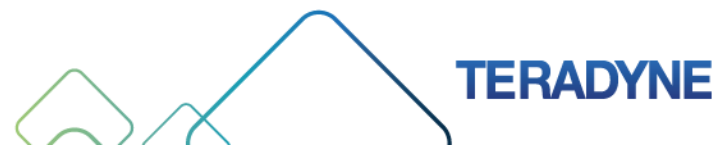
1H'17 GAAP EPS at Q2'17 Mid

	<u>\$1.23</u>
Exclude Acquired Intangible Asset Amortization	\$0.08
Exclude Restructuring and Other	\$0.01
Exclude non cash convertible debt interest	\$0.03
Exclude Discrete Tax Adjustments	-\$0.03
<u>Tax Effect of Non-GAAP Adjustments</u>	<u>-\$0.03</u>
1H'17 Non-GAAP EPS at Q2'17 Mid	\$1.29

Appendix | GAAP to Non-GAAP Reconciliation

- Teradyne determines non-GAAP operating cash flow (“Free Cash Flow”) by adjusting GAAP cash flow from operations excluding discontinued operations, less property, plant and equipment additions. Free cash flow is considered a non-GAAP financial measure. Teradyne believes that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating Teradyne’s financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income (loss) from continuing operations or net income (loss) as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.
- Teradyne believes it is important to view free cash flow as a measure that provides supplemental information to Teradyne’s entire statement of cash flows.
- Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Teradyne to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow.
- The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow.

	<u>Q1'16</u>	<u>Q4'16</u>	<u>Q1'17</u>		
GAAP Cash Flow From Operations, Excl Disc Ops	\$36	\$36	-\$61		
Less Property, Plant and Equipment Additions	-\$20	-\$19	-\$22		
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$15	\$17	-\$83		
				<u>2012</u>	<u>2013</u>
GAAP Cash Flow From Operations, Excl Disc Ops				\$403	\$269
Less Property, Plant and Equipment Additions				-\$119	-\$107
Non-GAAP Operating Cash Flow ("Free Cash Flow")				\$284	\$162
				<u>2014</u>	<u>2015</u>
GAAP Cash Flow From Operations, Excl Disc Ops				\$492	\$413
Less Property, Plant and Equipment Additions				-\$169	-\$90
Non-GAAP Operating Cash Flow ("Free Cash Flow")				\$323	\$323
				<u>2016</u>	
GAAP Cash Flow From Operations, Excl Disc Ops				\$445	
Less Property, Plant and Equipment Additions				-\$85	
Non-GAAP Operating Cash Flow ("Free Cash Flow")				\$360	
Include Cash From ESPP	\$18	\$18	\$21	\$20	\$20
Total Cash Generation	\$302	\$180	\$344	\$343	\$380



Appendix | GAAP to Non-GAAP Reconciliation

<u>2020 EPS Reconciliation</u>	Net Income per Common Share Diluted	
Net (loss) income - GAAP	\$	1.91
Acquired intangible asset amortization		0.04
Non Cash Convertible Debt Interest		0.05
Net income - non-GAAP	\$	2.00