Financial Results for Q2 2020

July 22, 2020

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This presentation contains forward-looking statements regarding Teradyne's future business prospects, the impact of the COVID-19 outbreak, 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, and the impact of U.S. export and tariff laws. 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, the impact of the COVID-19 outbreak, or the impact of U.S. export and tariff laws. 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 program may be modified, suspended or discontinued at any time. On May 16, 2019, Huawei and 68 of its affiliates, including HiSilicon, were added to the U.S. Department of Commerce Entity List under U.S. Export Administration Regulations (the "EAR"). This action by the U.S. Department of Commerce imposed new export licensing requirements on exports, re-exports, and in-country transfers of all U.S. - regulated products, software and technology to the designated Huawei entities. While most of Teradyne's products are not subject to the EAR and therefore not affected by the Entity List restrictions, some of its products are currently manufactured in the U.S. and thus subject to the Entity List restrictions. Compliance with the current Entity List restrictions has not significantly impacted Teradyne's sales. On May 15, 2020, the U.S. Department of Commerce published new regulations expanding the scope of the U.S. EAR to include additional products that would become subject to the Entity List restrictions relating to Huawei and the designated Huawei entities including HiSilicon. The comment period for the new regulations ended on July 14, 2020. These new regulations restrict the sale to Huawei and the designated Huawei entities of items, such as semiconductor devices, manufactured by Huawei's contract manufacturers under specific, detailed conditions set forth in the new regulations. While the new regulations do not impose any new restrictions on Teradyne directly, the new regulations may impact Teradyne's sales to third party contract manufacturers used by Huawei and HiSilicon to manufacture and test semiconductor and other electronic devices. Because the impact of these new regulations on Huawei's business is both fluid and uncertain, at this time, Teradyne does not know the potential extent of the impact of the new regulations on its business with Huawei, HiSilicon and their contract manufacturers. However, it is possible that these new regulations and any other additional regulations that may be implemented by the U.S. Department of Commerce or other government agency could have a material impact on Teradyne's business and financial results. On April 28, 2020, the Department of Commerce published new export control regulations for certain U.S. products and technology sold to military and civilian end users in China. The regulations went into effect on June 29, 2020. Teradyne does not expect that compliance with the new export controls will significantly impact its ability to sell products to its customers in China or to manufacture products in China. The new export controls, however, could disrupt the Company's supply chain, increase compliance costs and impact the demand for the Company's products in China and, thus, have a material adverse impact on Teradyne's business, financial condition or results of operations. In addition, while the Company maintains an export compliance program, its compliance controls could be circumvented, exposing the Company to legal liabilities. Teradyne will continue to assess the potential impact of the new export controls on its business and operations and take appropriate actions, including filing for licenses with the Department of Commerce, to minimize any disruption. However, Teradyne cannot be certain that the actions it takes will mitigate all of the risks associated with the new export controls that may impact its business. The global outbreak of the recent novel strain of the coronavirus (COVID-19) has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact Teradyne's workforce and operations, the operations of its customers, and those of its contract manufacturers and suppliers. The COVID-19 pandemic has adversely impacted the Company's results of operations, including increased costs company-wide and decreased sales in its industrial automation businesses.

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At this time, the Company cannot accurately estimate the amount of the impact for Teradyne’s 2020 financial results and to its future financial results. There is considerable uncertainty regarding the impact on Teradyne’s business from the measures in place and potential future measures, and restrictions on Teradyne’s access to its manufacturing facilities or on its support operations or workforce, or similar limitations for its contractor manufacturers and suppliers, and restrictions or disruptions of transportation, such as reduced availability of transportation and increased border controls or closures, could limit Teradyne’s capacity to meet customer demand and have a material adverse effect on its financial condition and results of operations. The COVID-19 outbreak has significantly increased economic and demand uncertainty in Teradyne’s markets. This uncertainty could result in a significant decrease in demand for Teradyne’s products for an uncertain period of time. The spread of COVID-19 has caused Teradyne to modify its business practices (including employee travel, employees working remotely, and cancellation of physical participation in meetings, events and conferences), and the Company may take further actions as may be required by government authorities or that it determines are in the best interests of its employees, customers, contract manufacturers and suppliers. There is uncertainty that such measures will be sufficient to mitigate the risks posed by the virus, and Teradyne’s ability to perform critical functions could be impacted. Due to the uncertainty regarding the length, severity and potential business impact of the COVID-19 pandemic, Teradyne has suspended its stock repurchase program announced in January 2020. At this time, Teradyne does not know whether or when it will continue its 2020 repurchase plan or authorize future stock repurchase programs. The degree to which COVID-19 impacts Teradyne’s results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and continued spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Important factors that could cause actual results, earnings per share, use of cash, dividend payments, repurchases of common stock, or payment of the senior convertible notes to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; development, delivery and acceptance of new products; the ability to grow the Industrial Automation business; increased research and development spending; deterioration of Teradyne’s financial condition; the impact of the COVID-19 outbreak and related government responses on the market and demand for Teradyne’s products, on its contract manufacturers and supply chain, and on its workforce; the consummation and 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 or the repurchase of common stock is not in the company’s best interests; additional U.S. tax regulations or IRS guidance; the impact of any tariffs or export controls imposed in the U.S. or China; compliance with trade protection measures or export restrictions; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei and HiSilicon; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the “Risk Factors” sections of Teradyne’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2020. 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

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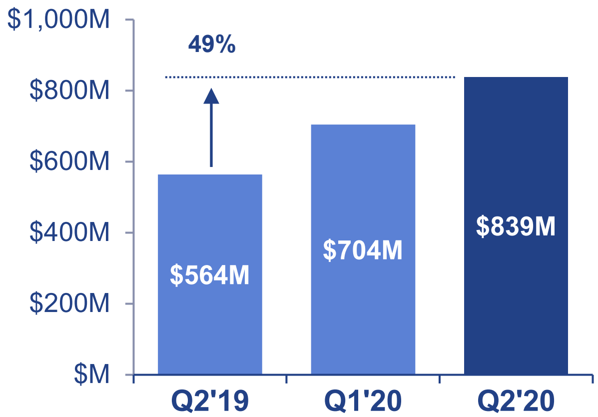
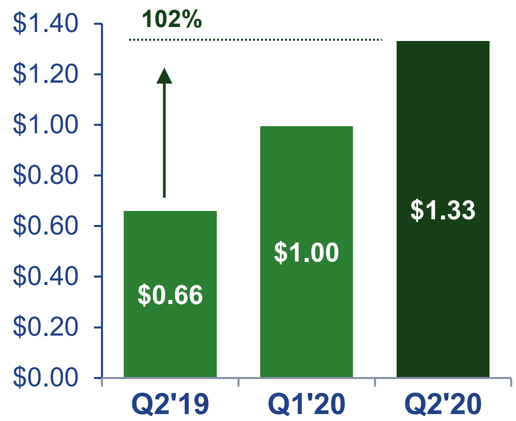
Q2’20 Summary

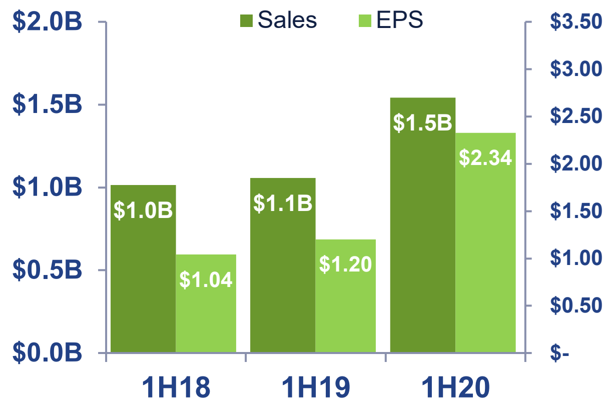
49% Sales Growth and 102% Non-GAAP Earnings Per Share Growth vs Q2’19



Quarterly Sales



Non-GAAP EPS(1)



1st Half Sales and Non-GAAP EPS(1)

- Q2’20 sales of $839M, up 49% from Q2’19
- Mobility related System-on-a-Chip (SOC) and Wireless Test demand strong
- Memory test shipments for Flash and LPDDR-5 DRAM continued at a high level

- Non-GAAP EPS of $1.33 up 102% from Q2’19
- Higher profit due to drop through on higher sales
- OPEX spending below guidance

- 1H‘20 sales up 46% from 1H’19 on strength in test businesses
- 1H‘20 non-GAAP EPS up 95% from 1H’19 on higher sales and constrained spending

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

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July 2020 Summary

- Test demand remained strong in Q2 and first half 2020. Industrial Automation (IA) demand weak due to COVID-19 related shutdowns in North America and Europe.
- Growing test intensity and efficient operating model driving Teradyne's performance.
- Q2'20 Semiconductor Test sales up 76% from Q2'19 on strong SOC growth in mobility and Flash/DRAM memory test demand.
- Supply line management team and partners successfully overcame Covid related issues to meet requests for accelerated deliveries resulting in revenue and EPS above guidance.
- New trade regulations did not adversely impact Q2'20 revenue. Potential impact in 2H'20 and beyond expected to be limited and is reflected in 2H'20 plans.
- Universal Robots slowed in Q2'20, MiR stronger on healthcare related demand. Expect IA sequential growth in Q3'20 on improving demand.
- UltraFLEX+ Design-win ramps, Magnum memory test, and strong SLT and HDD demand driving shipments in Q3
- SOC market expected to be $3.1-3.4B in '20, Memory test market expected to be $800- $850 million.

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Second Quarter 2020 Financial Results and Third Quarter 2020 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer

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Balance Sheet & Capital Return

		Q2'19 Actual	Q1'20 Actual	Q2'20 Actual
Cash and Marketable Securities		$994M	$905M	**$1,065M**
Inventory		$164M	$183M	**$206M**
DSO		60 Days	62 Days	**75 Days**
Acquisition Earn-out Accruals(1)		$27M	$20M	**$50M**
Capital Additions		$33M	$37M	**$47M**
Depreciation and Amortization(2)		$38M	$42M	**$44M**
Free Cash Flow(3)		$112M	$6M	**$178M**
Capital Return	Buybacks	$91M	$79M	**$9M**
	Dividends	$15M	$17M	**$17M**

(1) Includes MiR and AutoGuide
(2) Includes depreciation, stock based compensation, amortization of acquired intangible assets and amortization of the non-cash convertible debt discount
(3) 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.

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Q2'20 Segment Summary

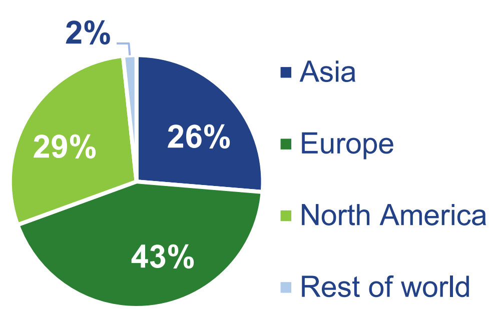
	Semiconductor Test	Industrial Automation	System Test	Wireless Test
2nd Quarter Sales	$659M	$59M	$72M	$49M
Key Highlights	Sales up 76% vs Q2'19 Mobility test demand, including 5G handset main driver FLASH and DRAM test demand strong	Sales down 21% vs Q2'19 UR sales down 32% , MiR sales up 7% vs Q2'19 Expect Q2'20 was revenue trough	Sales down 2% vs Q2'19 Storage Test revenue contracted as expected. HDDs and System Level Test demand expected to drive growth in Q3'20	Sales up 19% vs Q2'19 WiFi 6 and 5G production demand strong WiFi 6e early buying, expect broad adoption in 2021

2nd Quarter Sales Detail

SemiTest Sales

Semi Product	$576M
Semi Service	$83M

Industrial Automation Revenue



Total Company Service: $104M

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Q2'20 Non-GAAP Results

$s in millions, except EPS	Q2'19 Actual[1]		Q1'20 Actual[1]		Q2'20 Actual[1]	
Sales		$564M		$704M		**$839M**
Gross Margin	*57.5%*	$324M	*57.6%*	$406M	*56.2%*	**$472M**
R&D	*14.4%*	$81M	*12.1%*	$85M	*11.2%*	**$94M**
SG&A	*19.3%*	$109M	*15.8%*	$111M	*13.5%*	**$113M**
OPEX	*33.7%*	$190M	*27.9%*	$197M	*24.7%*	**$207M**
Operating Profit	*23.8%*	$134M	*29.7%*	$209M	*31.5%*	**$264M**
Income Taxes *(& effective tax rate)*	*16.2%*	$22M	*15.0%*	$30M	*14.1%*	**$38M**
EPS		$0.66		$1.00		**$1.33**
Diluted Shares		172M		173M		**173M**

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

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Q3'20 Non-GAAP Guidance

$s in millions, except EPS	Q2'20 Actual(1)	Q3'20 Guidance(1)
Sales	$839M	**$745M - $805M**
Gross Margin	56%	**55% - 56%**
OPEX	25%	**28% - 26%**
Operating Profit	32%	**28% - 30%**
Net Interest & Other Income/(Expense)	$3M	**($2M)**
Effective Tax Rate	14.1%	**14.5%**
EPS	$1.33	**$1.01 - $1.17**
Diluted Shares	173M	**175M**

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

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July 2020 Summary

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Supplemental Information

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.

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Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended					
	June 28, 2020	% of Net Revenues	March 29, 2020	% of Net Revenues	June 30, 2019	% of Net Revenues
Net revenues	$ 838.7		$ 704.4		$ 564.2	
Gross profit GAAP	$ 471.5	*56.2%*	$ 405.6	*57.6%*	$ 323.9	*57.4%*
Inventory step-up	0.1	*0.0%*	0.1	*0.0%*	0.4	*0.1%*
Gross profit non-GAAP	$ 471.6	*56.2%*	$ 405.7	*57.6%*	$ 324.3	*57.5%*
Income from operations - GAAP	$ 217.9	*26.0%*	$ 206.7	*29.3%*	$ 134.0	*23.8%*
Acquired intangible assets amortization	8.9	*1.1%*	9.9	*1.4%*	10.1	*1.8%*
Restructuring and other (1)	37.2	*4.4%*	(7.6)	*-1.1%*	(10.4)	*-1.8%*
Inventory step-up	0.1	*0.0%*	0.1	*0.0%*	0.4	*0.1%*
Income from operations - non-GAAP	$ 264.1	*31.5%*	$ 209.1	*29.7%*	$ 134.1	*23.8%*

	June 28, 2020	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	March 29, 2020	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	June 30, 2019	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted
Net income - GAAP	$ 188.9	*22.5%*	$ 1.14	$ 1.05	$ 176.2	*25.0%*	$ 1.06	$ 0.97	$ 97.4	*17.3%*	$ 0.57	$ 0.55
Restructuring and other (1)	37.2	*4.4%*	0.22	0.21	(7.6)	*-1.1%*	(0.05)	(0.04)	(10.4)	*-1.8%*	(0.06)	(0.06)
Acquired intangible assets amortization	8.9	*1.1%*	0.05	0.05	9.9	*1.4%*	0.06	0.05	10.1	*1.8%*	0.06	0.06
Interest and other (2)	3.6	*0.4%*	0.02	0.02	3.5	*0.5%*	0.02	0.02	3.4	*0.6%*	0.02	0.02
Pension mark-to-market adjustment (2)	(0.1)	*0.0%*	(0.00)	(0.00)	-	-	-	-	0.4	*0.1%*	0.00	0.00
Inventory step-up	0.1	*0.0%*	0.00	0.00	0.1	*0.00*	0.00	0.00	0.4	*0.1%*	0.00	0.00
Exclude discrete tax adjustments (3)	(1.1)	*-0.1%*	(0.01)	(0.01)	(7.7)	*-1.1%*	(0.05)	(0.04)	13.9	*2.5%*	0.08	0.08
Non-GAAP tax adjustments	(8.3)	*-1.0%*	(0.05)	(0.05)	(1.9)	*-0.3%*	(0.01)	(0.01)	(2.0)	*-0.4%*	(0.01)	(0.01)
Convertible share adjustment (4)	-	-	-	0.06	-	-	-	0.04	-	-	-	0.02
Net income - non-GAAP	$ 229.2	*27.3%*	$ 1.38	$ 1.33	$ 172.5	*24.5%*	$ 1.04	$ 1.00	$ 113.2	*20.1%*	$ 0.66	$ 0.66

	June 28, 2020	March 29, 2020	June 30, 2019
GAAP and non-GAAP weighted average common shares - basic	165.8	166.6	171.2
GAAP weighted average common shares - diluted	180.3	180.7	178.6
Exclude dilutive shares related to convertible note transaction	(7.6)	(7.3)	(6.2)
Non-GAAP weighted average common shares - diluted	172.7	173.4	172.4

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Quarter Ended		
	June 28, 2020	March 29, 2020	June 30, 2019
Contingent consideration fair value adjustment	$ 29.3	$ (10.0)	$ (11.7)
Contract termination settlement fee	4.0	-	-
Acquisition related expenses and compensation	3.1	1.4	0.5
Employee severance	-	0.7	0.8
Other	0.8	0.3	-
	$ 37.2	$ (7.6)	$ (10.4)

(2) For the quarters ended June 28, 2020, March 29, 2020, and June 30, 2019, adjustment to exclude non-cash convertible debt interest expense. For the quarters ended June 28, 2020 and June 30, 2019, adjustment to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarters ended June 28, 2020, March 29, 2020, and June 30, 2019, adjustment to exclude discrete income tax items. For the quarter ended June 30, 2019, income tax (benefit) provision includes a $15 million tax provision related to the finalization of our toll tax charge.

(4) For the quarters ended June 28, 2020 and March 29, 2020, the non-GAAP diluted EPS calculation adds back $1.3 million of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 5.8 million and 5.5 million shares, respectively, related to the convertible debt hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

Six Months Ended

	June 28, 2020	% of Net Revenues	June 30, 2019	% of Net Revenues
Net Revenues	$ 1,543.0		$ 1,058.3	
Gross profit GAAP	$ 877.0	*56.8%*	$ 611.6	*57.8%*
Inventory step-up	0.2	*0.0%*	0.4	*0.0%*
Gross profit non-GAAP	$ 877.2	*56.9%*	$ 612.0	*57.8%*
Income from operations - GAAP	$ 424.7	*27.5%*	$ 227.1	*21.5%*
Acquired intangible assets amortization	18.8	*1.2%*	20.7	*2.0%*
Restructuring and other (1)	29.6	*1.9%*	(5.3)	*-0.5%*
Inventory step-up	0.2	*0.0%*	0.4	*0.0%*
Income from operations - non-GAAP	$ 473.3	*30.7%*	$ 242.9	*23.0%*

	June 28, 2020	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	June 30, 2019	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted
Net income - GAAP	$ 365.1	*23.7%*	$ 2.20	$ 2.02	$ 206.5	*19.5%*	$ 1.20	$ 1.16
Acquired intangible assets amortization	18.8	*1.2%*	0.11	0.10	20.7	*2.0%*	0.12	0.12
Interest and other (2)	7.1	*0.5%*	0.04	0.04	6.8	*0.6%*	0.04	0.04
Restructuring and other (1)	29.6	*1.9%*	0.18	0.16	(5.3)	*-0.5%*	(0.03)	(0.03)
Inventory step-up	0.2	*0.0%*	0.00	0.00	0.4	*0.0%*	0.00	0.00
Pension mark-to-market adjustment (2)	(0.1)	*0.0%*	(0.00)	(0.00)	0.4	*0.0%*	0.00	0.00
Exclude discrete tax adjustments (3)	(8.7)	*-0.6%*	(0.05)	(0.05)	(16.2)	*-1.5%*	(0.09)	(0.09)
Non-GAAP tax adjustments	(10.1)	*-0.7%*	(0.06)	(0.06)	(5.5)	*-0.5%*	(0.03)	(0.03)
Convertible share adjustment	-	-	-	0.10	-	-	-	0.02
Net income - non-GAAP	$ 401.9	*26.0%*	$ 2.42	$ 2.34	$ 207.8	*19.6%*	$ 1.21	$ 1.20
GAAP and non-GAAP weighted average common shares - basic	166.2				172.4			
GAAP weighted average common shares - diluted	180.5				177.8			
Exclude dilutive shares from convertible note	(7.5)				(4.2)			
Non-GAAP weighted average common shares - diluted	173.0				173.6			

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Six Months Ended	
	June 28, 2020	June 30, 2019
Contingent consideration fair value adjustment	$ 19.2	$ (8.7)
Acquisition related expenses and compensation	4.5	1.8
Contract termination settlement fee	4.0	-
Employee severance	0.8	1.6
Other	1.1	-
	$ 29.6	$ (5.3)

(2) For the six months ended June 28, 2020 and June 30, 2019, Interest and other included non-cash convertible debt interest expense. For the six months ended June 28, 2020 and June 30, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the six months ended June 28, 2020 and June 30, 2019, adjustment to exclude discrete income tax items. For the six months ended June 30, 2019, income tax (benefit) provision includes a $26 million tax benefit from the release of uncertain tax position reserves due to the IRS completion of its audit of Teradyne's 2015 Federal tax return and includes a $15 million tax provision related to the finalization of our toll tax charge.

(4) For the six months ended June 28, 2020, the non-GAAP diluted EPS calculation adds back $2.6 million of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 5.7 million shares related to the convertible debt hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

	Six Months Ended					
	June 30, 2019	% of Net Revenues			July 1, 2018	% of Net Revenues
Net Revenues	$ 1,058.3				$ 1,014.4	
Gross profit GAAP	$ 611.6	*57.8%*			$ 577.2	*56.9%*
Inventory step-up	0.4	*0.0%*			0.4	*0.0%*
Gross profit non-GAAP	$ 612.0	*57.8%*			$ 577.6	*56.9%*
Income from operations - GAAP	$ 227.1	*21.5%*			$ 217.9	*21.5%*
Acquired intangible assets amortization	20.7	*2.0%*			17.5	*1.7%*
Restructuring and other (1)	(5.3)	*-0.5%*			2.1	*0.2%*
Inventory step-up	0.4	*0.0%*			0.4	*0.0%*
Income from operations - non-GAAP	$ 242.9	*23.0%*			$ 237.9	*23.5%*

	June 30, 2019	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	July 1, 2018	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted
Net income - GAAP	$ 206.5	*19.5%*	$ 1.20	$ 1.16	$ 188.0	*18.5%*	$ 0.97	$ 0.94
Acquired intangible assets amortization	20.7	*2.0%*	0.12	0.12	17.5	*1.7%*	0.09	0.09
Interest and other (2)	6.8	*0.6%*	0.04	0.04	6.5	*0.6%*	0.03	0.03
Restructuring and other (1)	(5.3)	*-0.5%*	(0.03)	(0.03)	2.1	*0.2%*	0.01	0.01
Inventory step-up	0.4	*0.0%*	0.00	0.00	0.4	*0.0%*	0.00	0.00
Pension mark-to-market adjustment (2)	0.4	*0.0%*	0.00	0.00	(0.1)	*0.0%*	(0.00)	(0.00)
Exclude discrete tax adjustments (3)	(16.2)	*-1.5%*	(0.09)	(0.09)	(6.8)	*-0.7%*	(0.04)	(0.03)
Non-GAAP tax adjustments	(5.5)	*-0.5%*	(0.03)	(0.03)	(5.3)	*-0.5%*	(0.03)	(0.03)
Convertible share adjustment	-	-	-	0.03	-	-	-	0.02
Net income - non-GAAP	$ 207.8	*19.6%*	$ 1.21	$ 1.20	$ 202.3	*19.9%*	$ 1.05	$ 1.04

	June 30, 2019	July 1, 2018
GAAP and non-GAAP weighted average common shares - basic	172.4	193.0
GAAP weighted average common shares - diluted	177.8	199.2
Exclude dilutive shares from convertible note	(4.2)	(4.4)
Non-GAAP weighted average common shares - diluted	173.6	194.8

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Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Six Months Ended	
	June 30, 2019	July 1, 2018
Contingent consideration fair value adjustment	$ (8.7)	$ (8.5)
Acquisition related expenses and compensation	1.8	3.3
Employee severance	1.6	6.3
Other	-	0.9
	$ (5.3)	$ 2.1

(2) For the six months ended June 30, 2019 and July 1, 2018, Interest and other included non-cash convertible debt interest expense. For the six months ended June 30, 2019 and July 1, 2018, adjustments to exclude actuarial loss/gain recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the six months ended June 30, 2019 and July 1, 2018, adjustment to exclude discrete income tax items. For the six months ended June 30, 2019, income tax (benefit) provision includes a $26 million tax benefit from the release of uncertain tax position reserves due to the IRS completion of its audit of Teradyne's 2015 Federal tax return and includes a $15 million tax provision related to the finalization of our toll tax charge.

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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.

	2014	2015	2016	2017	2018	2019	Q2'19	Q1'20	Q2'20
GAAP Cash Flow from Operations, Excl Disc Ops	$ 492	$ 413	$ 455	$ 626	$ 477	$ 579	$ 145	$ 43	$ 226
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	$ (169)	$ (90)	$ (85)	$ (105)	$ (107)	$ (135)	$ (33)	$ (37)	$ (47)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	$ 323	$ 323	$ 370	$ 521	$ 370	$ 444	$ 112	$ 6	$ 178

Appendix | GAAP to Non-GAAP Reconciliation

	Q2'19		Q1'20		Q2'20		Q2'20 Low Guidance		Q2'20 High Guidance	
	$'s	% of sales	$'s	% of sales	$'s	% of sales	$'s	% of sales	$'s	% of sales
GAAP Operating Expenses	$190	34%	$199	28%	$254	30%	$215	29%	$218	27%
Intangible Asset Amortization	-$10	-2%	-$10	-1%	-$9	-1%	-$6	-1%	-$6	-1%
Restructuring and Other	$10	2%	$8	1%	-$37	-4%				
Non GAAP Operating Expenses	$190	34%	$197	28%	$207	25%	$209	28%	$212	26%

	Q2'19		Q1'20		Q2'20	
	$'s	%	$'s	%	$'s	%
GAAP Income Tax	$34	25%	$21	11%	$28	13%
Exclude discrete tax adjustments	-$14	-10%	$8	4%	$1	1%
Tax effect of non-GAAP adjustments	$2	1%	$2	1%	$8	4%
Effect of Higher Non-GAAP PBT		0%		0%		-3%
Non GAAP Income Tax	$22	16%	$30	15%	$38	14%

FY 2020 GAAP estimated tax rate	14.0%
Adjustment for Non GAAP items	0.5%
FY 2020 Non GAAP estimated tax rate	14.5%

Q2'20:	
GAAP net interest and other income	-$0.6
Exclude non cash convertible debt interest	$3.5
Non-GAAP net interest and other income	$2.9

Q3'20 Guidance	
GAAP net interest and other income	-$5.5
Exclude non cash convertible debt interest	$3.5
Non-GAAP net interest and other income	-$2.0

Q3'20 Guidance:	Low End	High End
GAAP Operating Profit as % of Sales	27%	29%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	28%	30%

Q3'20 GAAP Guidance Diluted Shares	184
Exclude dilutive shares from convertible note	-9
Q3'20 Non-GAAP Guidance Diluted Shares	175

GAAP to Non-GAAP Reconciliation of Third Quarter 2020 guidance:

GAAP and non-GAAP third quarter revenue guidance:		$745 million	to		$805 million
GAAP net income per diluted share	$	0.91		$	1.06
Exclude acquired intangible assets amortization		0.03			0.03
Exclude non-cash convertible debt interest		0.02			0.02
Tax effect of non-GAAP adjustments		0.01			0.01
Convertible share adjustment		0.04			0.04
Non-GAAP net income per diluted share	$	1.01		$	1.17

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