

Employee Stock Purchase Plan (ESPP) at a Glance

We provide an ESPP allowing employ to put money aside each six months which is then used to buy Teradyne stock at a 15% discount from the end of the period market price.

Offering Period	Enrollment Occurs	Payroll Deductions Begin	Stock Purchase Occurs
Jan 1 – June 30	During fall Open Enrollment period	First paycheck in January	Following close of last business day in June
July 1 – Dec 31	By mid June	First paycheck in July	Following close of last business day in December

Amount You Can Invest

You may authorize payroll deductions from 2 to 10 percent of your pay, including overtime, incentives, and profit sharing. Your election must be in whole percentages. Stock purchases are calculated on your gross pay and made on an after-tax basis.

How the Stock Purchase Plan Works

Through June 30th, the plan works such that on the first business day of the year, Teradyne grants eligible employees an option to buy common stock of Teradyne, Inc. on the last business day of the plan offering. The price under the terms of the option is 85 percent of the stock's closing price on the last business day of the plan offering period.

For example, if the price per share of Teradyne stock is \$20 on the last business day, you buy the stock at 85 percent of \$20, or \$17 per share.

During the year, your payroll deductions accumulate in a no-interest bearing account. Following the close of the plan year, the deductions are used to buy as many full shares of common stock as possible, up to \$12,500 (at fair market value). Any amount not used to purchase a full share is refunded to you.

Ownership Rights

Your Stock Purchase Plan shares will be deposited in an account established for you at Fidelity. If you wish to move your shares to another broker or have a certificate issued, please contact Fidelity to arrange a transfer.

Once your shares have been deposited in your Fidelity account, then you may sell the shares through Fidelity or you may hold them in your Fidelity account. Fidelity will maintain tax records.

You have full rights to the stock from the date of purchase, including the right to vote the stock and the right to sell the stock. You do not have these ownership rights in the stock until it is actually purchased. However, if a split or an exchange for other stock occurs, or a stock dividend is paid during a year in which you have elected to participate, the shares purchased for you at the end of the year will reflect the split, exchange, or dividend, just as though you'd held the shares all year. Your option to buy stock can only be exercised by you. The option right cannot be assigned or transferred to anyone else.

Changes in Participation

Once you elect to participate, your payroll deductions will automatically continue for each plan offering period. You do not have to re-enroll during each plan period. You may stop participating in the plan at any time by logging onto Directlink and withdrawing.

If you elect to stop your contributions to the plan, all of your payroll deductions for the current period will be refunded to you within three weeks of the date you withdraw.. You will be unable to rejoin the plan for the remainder of the plan period. You may re-enroll for the next plan period (beginning January 1 or July 1) by enrolling on Directlink during the enrollment period.

Employees are allowed one contribution decrease during each plan period. Employees are not allowed to increase contributions during the plan period

Participation in the Stock Plan During Absences

If you take an authorized leave of absence, you continue as an active participant in the plan. If you are on leave at the end of the plan period, your contributions will be returned to you.

You also remain a participant in the plan during the first six months that you're out on disability or workers' compensation. If your disability continues for more than six months, your participation in the plan will stop and all of your payroll deductions for the current year will be refunded to you.

When Your Participation in the Stock Purchase Plan Ends

Your participation in the plan ends on the day your employment ends unless you retire or are laid off within three months of the plan period end. In cases other than retirement or layoff, your

accumulated payroll deductions for the year will be refunded to you. If you are retired or laid off, stock will be purchased for you using the accumulated payroll deductions in your account.

Important Information About Taxes for the Stock Purchase Plan

Under current federal income tax law, you do not realize any income on the date your Stock Purchase Plan option is granted or on the date stock is purchased. However, taxes become due in the year that you sell the stock. If you do not hold the stock for more than two years from the date of the grant (January 1 or July 1) and one year from the date of purchase, you have a disqualifying distribution.

If you have a disqualifying distribution, the difference between the fair market value on the purchase date and the stock's purchase price will be treated as ordinary income. Teradyne will include this income in your year-end W-2 statement. The difference between the proceeds of the stock sale and your cost basis will be treated as a capital gain or loss. In some situations, you may wish to consult a personal tax adviser before selling stock obtained through the Stock Purchase Plan.

It's important to note that tax laws are subject to change. Therefore, you are encouraged to consult a qualified tax or financial adviser before selling stock purchased through the plan.

Stock Purchase Plan Limitations

The Stock Purchase Plan is subject to the terms of the Plan Document, which is contained in the prospectus. All employees should read the plan's prospectus before enrolling. The plan does not qualify for treatment under Section 401(a) of the Internal Revenue Code. The plan participant absorbs all investment risk once shares are purchased. Teradyne, Inc. makes no claims as to the investment potential of its common stock.

Any increase in the total number of shares that can be purchased under the plan, or any change in the class of employees eligible for the plan, must be approved by the majority shareholders of Teradyne, Inc. common stock. In any case, the plan will terminate when all, or substantially all, of the shares reserved for the plan have been purchased.