Teradyne, Inc.

Certain Non-GAAP financial measures discussed during the Fourth Quarter of 2021 Earnings Conference Call January 27, 2022

On the Company's earnings conference call on January 27, 2022, the following non-GAAP financial measures were discussed or presented:

- Q4'21 EPS ($1.37)
- Q4'20 EPS ($1.10)
- Q3'21 EPS ($1.59)
- 2021 EPS ($5.98)
- 2020 EPS ($4.62)
- Q4'21 net income ($238.4M)
- 2021 EPS ($5.98) vs. 2020 EPS ($4.62) (up 29%)
- Annual Earnings growth 2016 to 2021 (32%)
- 2024 earnings model midpoint EPS ($8.00)
- Q1'22 Guidance EPS ($0.76 to $0.98)
- Q4'21 Operating Profit (31%)
- Q4'21 Operating Expenses ($253M)
- Q3'21 Operating Expenses ($242M)
- Q4'21 Free Cash Flow ($302M)
- Q4'21 Tax Rate (13.6%)
- 2021 Tax Rate (14.5%)
- 2021 Operating Profit (33%)
- 2020 Operating Profit (30%)
- 2020 Gross Margin (57.2%)
- 2021 Free Cash Flow ($966M)
- Q1'22 Guidance Diluted Shares (175M)
- Q1'22 Guidance Operating Expenses (33-36%)
- Q1'22 Guidance Midpoint Operating Profit Rate (24%)
- 2022 Operating Expense growth (11-13%)
- EPS – 2016 ($1.51), 2017 ($2.34), 2018 ($2.37), 2019 ($2.86), 2020 ($4.62), 2021 ($5.98)
- Annual EPS growth since 2017 (26%)
- Q4'21 EPS up 25% over Q4'20 EPS
- 2024E Old Model Target Operating Expenses (29-28%), PBIT (30-31%), EPS ($5.25 to $6.75)
- 2024E New Model Target EPS ($7.00 to $9.00), midpoint EPS ($8.00 up 33% from prior model of $6.00)
- Q3'21 – Operating Expenses (25.5% and $242M), Operating Profit (34.6% and $329M), EPS ($1.59), Free Cash Flow ($493M), Effective Tax Rate (14.8% or $49M), shares (176M)
- Q4'20 – SG&A (16% and $124), Operating Expenses (29.5% and $224M), Operating Profit (29.7% and $226M), EPS ($1.10), Free Cash Flow ($222M), Effective Tax Rate (14.5% or $33M), shares (177M)
- Q4'21 – Operating Expenses (28.6% and $253M), Operating Profit (31% and $274M), EPS ($1.37), Free Cash Flow ($302M), Effective Tax Rate (13.6% or $38M), shares (175M)
- Q1'22 Guidance – Operating Expenses (36-33%), Operating Profit (22-26%), EPS ($0.76 to $0.98), shares (175M)
- 2021 – Operating Expenses (26% and $975M), Operating Profit (33% and $1,231M), Effective Tax Rate (14.5% and $178M), EPS ($5.98), shares (176M)
- 2020 - Gross Margin (57% and $1,786M), SG&A (15% and $464M), Operating Expenses (26% and $839M), Operating Profit (30% and $947M), Effective Tax Rate (15.25% and $144M), EPS ($4.62), shares (175M)
- Free Cash Flow – 2016 ($370M), 2017 ($521M), 2018 ($370M), 2019 ($444M), 2020 ($684M), 2021 ($966M)

GAAP to Non-GAAP Reconciliation

	Mid Guidance Q1 2022
GAAP income from operations as a % of revenue ($735M)	25%
Exclude acquired intangible asset amortization	-1%
Non-GAAP income from operations as a % of revenue ($735M)	24%

FY 2022 Estimated Operating Expense Increase

FY 2022 GAAP Operating Expense Increase over FY 2021	12%	14%
Exclude acquired intangible asset amortization	-1%	-1%
FY 2022 Non-GAAP Operating Expense Increase over FY 2021	11%	13%

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

Quarter Ended

	December 31, 2021	% of Net Revenues	October 3, 2021	% of Net Revenues	December 31, 2020	% of Net Revenues
Net revenues	$ 885.0		$ 950.5		$ 759.0	
Gross profit GAAP	$ 527.0	59.5%	$ 571.0	60.1%	$ 449.8	59.3%
Gross profit non-GAAP	$ 527.0	59.5%	$ 571.0	60.1%	$ 449.8	59.3%
Income from operations - GAAP	$ 264.4	29.9%	$ 322.4	33.9%	$ 234.1	30.8%
Restructuring and other (1)	4.7	0.5%	1.2	0.1%	(15.1)	-2.0%
Acquired intangible assets amortization	5.2	0.6%	5.4	0.6%	5.8	0.8%
Equity modification charge	-	-	-	-	0.8	0.1%
Income from operations - non-GAAP	$ 274.3	31.0%	$ 329.0	34.6%	$ 225.6	29.7%

	December 31, 2021	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	October 3, 2021	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	December 31, 2020	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted
Net income - GAAP	$ 230.3	26.0%	$ 1.41	$ 1.29	$ 256.7	27.0%	$ 1.56	$ 1.41	$ 196.3	25.9%	$ 1.18	$ 1.05
Restructuring and other (1)	4.7	0.5%	0.03	0.03	1.2	0.1%	0.01	0.01	(15.1)	-2.0%	(0.09)	(0.08
Acquired intangible assets amortization	5.2	0.6%	0.03	0.03	5.4	0.6%	0.03	0.03	5.8	0.8%	0.03	0.03
Loss on convertible debt conversions (2)	3.4	0.4%	0.02	0.02	20.2	2.1%	0.12	0.11	-	-	-	-
Interest and other (2)	1.2	0.1%	0.01	0.01	2.3	0.2%	0.01	0.01	3.7	0.5%	0.02	0.02
Pension mark-to-market adjustment (2)	(1.6)	-0.2%	(0.01)	(0.01)	-	-	-	-	7.7	1.0%	0.05	0.04
Equity modification charge	-	-	-	-	-	-	-	-	0.8	0.1%	0.00	0.00
Exclude discrete tax adjustments	(6.5)	-0.7%	(0.04)	(0.04)	(5.9)	-0.6%	(0.04)	(0.03)	(2.1)	-0.3%	(0.01)	(0.01
Non-GAAP tax adjustments	1.7	0.2%	0.01	0.01	(1.3)	-0.1%	(0.01)	(0.01)	(3.9)	-0.5%	(0.02)	(0.02
Convertible share adjustment (3)	-	-	-	0.03	-	-	-	0.06	-	-	-	0.06
Net income - non-GAAP	$ 238.4	26.9%	$ 1.46	$ 1.37	$ 278.6	29.3%	$ 1.69	$ 1.59	$ 193.2	25.5%	$ 1.16	$ 1.10

	December 31, 2021	October 3, 2021	December 31, 2020
GAAP and non-GAAP weighted average common shares - basic	162.8	164.6	166.1
GAAP weighted average common shares - diluted	178.0	182.0	186.8
Exclude dilutive shares related to convertible note transaction	(3.4)	(6.5)	(10.0)
Non-GAAP weighted average common shares - diluted	174.6	175.5	176.8

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Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Quarter Ended		
	December 31, 2021	October 3, 2021	December 31, 2020
Employee severance	$ 0.3	$ 0.6	$ 1.1
Acquisition related expenses and compensation	0.2	0.3	(0.9)
Contingent consideration fair value adjustment	-	-	(15.3)
Other	4.3	0.3	-
	$ 4.7	$ 1.2	$ (15.1)

(2) For the quarters ended December 31, 2021, October 3, 2021, and December 31, 2020, Interest and other includes non-cash convertible debt interest expense. For the quarters ended December 31, 2021 and October 3, 2021, adjustment to exclude loss on convertible debt conversions. For the quarters ended December 31, 2021 and December 31, 2020, adjustments to exclude actuarial (gain)loss recognized under GAAP in accordance with Teradyne's mark-to-market

(3) For the quarters ended December 31, 2021, October 3, 2021, and December 31, 2020, the non-GAAP diluted EPS calculation adds back $0.4 million, $0.5 million, and $1.7 million, respectively, of convertible debt interest expense to non-GAAP net income, and non-GAAP weighted average diluted common shares include 10.5 million, 9.8 million and 8.9 million shares, respectively, from the convertible note hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2020	% of Net Revenues	December 31, 2019	% of Net Revenues
Net Revenues	$ 3,121.5		$ 2,295.0	
Gross profit GAAP	$ 1,785.7	57.2%	$ 1,339.8	58.4%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	$ 1,786.1	57.2%	$ 1,340.2	58.4%
Income from operations - GAAP	$ 928.4	29.7%	$ 553.7	24.1%
Acquired intangible assets amortization	30.8	1.0%	40.1	1.7%
Restructuring and other (1)	(13.2)	-0.4%	(13.9)	-0.6%
Inventory step-up	0.4	0.0%	0.4	0.0%
Equity modification charge (2)	0.8	0.0%	2.1	0.1%
Income from operations - non-GAAP	$ 947.2	30.3%	$ 582.4	25.4%

	December 31, 2020	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	December 31, 2019	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted
Net income - GAAP	$ 784.1	25.1%	$ 4.72	$ 4.28	$ 467.5	20.4%	$ 2.74	$ 2.60
Acquired intangible assets amortization	30.8	1.0%	0.19	0.17	40.1	1.7%	0.24	0.22
Interest and other (3)	14.4	0.5%	0.09	0.08	28.7	1.3%	0.17	0.16
Pension mark-to-market adjustments (3)	10.3	0.3%	0.06	0.06	8.2	0.4%	0.05	0.05
Restructuring and other (1)	(13.2)	-0.4%	(0.08)	(0.07)	(13.9)	-0.6%	(0.08)	(0.08)
Inventory step-up	0.4	0.0%	0.00	0.00	0.4	0.0%	0.00	0.00
Equity modification charge (2)	0.8	0.0%	0.00	0.00	2.1	0.1%	0.01	0.01
Exclude discrete tax adjustments (4)	(15.2)	-0.5%	(0.09)	(0.08)	(22.6)	-1.0%	(0.13)	(0.13)
Non-GAAP tax adjustments	(11.9)	-0.4%	(0.07)	(0.07)	(16.7)	-0.7%	(0.10)	(0.09)
Convertible share adjustment (5)	-	-	-	0.25	-	-	-	0.11
Net income - non-GAAP	$ 800.5	25.6%	$ 4.82	$ 4.62	$ 493.8	21.5%	$ 2.90	$ 2.86

	December 31, 2020	December 31, 2019
GAAP and non-GAAP weighted average common shares - basic	166.1	170.4
GAAP weighted average common shares - diluted	183.0	179.5
Exclude dilutive shares from convertible note	(8.5)	(4.9)
Non-GAAP weighted average common shares - diluted	174.5	174.6

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Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2020	December 31, 2019
Contingent consideration fair value adjustment	$ (23.3)	$ (19.3)
Contract termination settlement fee	4.0	-
Acquisition related expenses and compensation	2.5	2.5
Employee severance	2.3	2.9
Other	1.2	-
	$ (13.2)	$ (13.9)

(2) For the twelve months ended December 31, 2019, selling and administrative expenses include an equity charge for the modification of Teradyne's retired CFO's outstanding equity awards to allow continued vesting and maintain the original term in connection with his July 17, 2019 retirement.

(3) For the twelve months ended December 31, 2020 and December 31, 2019, Interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2020 and December 31, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting. For the twelve months ended December 31, 2019, adjustment to exclude impairment charge related to Realwear.

(4) For the twelve months ended December 31, 2020 and December 31, 2019, adjustment to exclude discrete income tax items. For the twelve months ended December 31, 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

(5) For the twelve months ended December 31, 2020 and December 31, 2019, the non-GAAP diluted EPS calculation adds back $5.3 million and $5.2 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 7.0 million and 2.7 million shares, respectively, from the convertible note hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2021	% of Net Revenues	December 31, 2020	% of Net Revenues
Net Revenues	$ 3,702.9		$ 3,121.5	
Gross profit GAAP	$ 2,206.7	59.6%	$ 1,785.7	57.2%
Inventory step-up	-	-	0.4	0.0%
Gross profit non-GAAP	$ 2,206.7	59.6%	$ 1,786.1	57.2%
Income from operations - GAAP	$ 1,208.7	32.6%	$ 928.4	29.7%
Acquired intangible assets amortization	21.5	0.6%	30.8	1.0%
Restructuring and other (1)	1.3	0.0%	(13.2)	-0.4%
Inventory step-up	-	-	0.4	0.0%
Equity modification charge	-	-	0.8	0.0%
Income from operations - non-GAAP	$ 1,231.5	33.3%	$ 947.2	30.3%

	December 31, 2021	% of Net Revenues	Net Income Basic	Net Income Diluted	December 31, 2020	% of Net Revenues	Net Income Basic	Net Income Diluted
Net income - GAAP	$ 1,020.8	27.6%	$ 6.19	$ 5.56	$ 784.1	25.1%	$ 4.72	$ 4.28
Acquired intangible assets amortization	21.5	0.6%	0.13	0.12	30.8	1.0%	0.19	0.17
Restructuring and other (1)	1.3	0.0%	0.01	0.01	(13.2)	-0.4%	(0.08)	(0.07)
Interest and other (2)	10.3	0.3%	0.06	0.06	14.4	0.5%	0.09	0.08
Loss on convertible debt conversions (2)	28.8	0.8%	0.17	0.16	-	-	-	-
Pension mark-to-market adjustment (2)	(2.2)	-0.1%	(0.01)	(0.01)	10.3	0.3%	0.06	0.06
Inventory step-up	-	-	-	-	0.4	0.0%	0.00	0.00
Equity modification charge	-	-	-	-	0.8	0.0%	0.00	0.00
Exclude discrete tax adjustments	(28.6)	-0.8%	(0.17)	(0.16)	(15.2)	-0.5%	(0.09)	(0.08)
Non-GAAP tax adjustments	(1.5)	0.0%	(0.01)	(0.01)	(11.9)	-0.4%	(0.07)	(0.07)
Convertible share adjustment (3)	-	-	-	0.24	-	-	-	0.25
Net income - non-GAAP	$ 1,050.4	28.4%	$ 6.37	$ 5.98	$ 800.5	25.6%	$ 4.82	$ 4.62
GAAP and non-GAAP weighted average common shares - basic	165.0				166.1			
GAAP weighted average common shares - diluted	183.6				183.0			
Exclude dilutive shares from convertible note	(7.4)				(8.5)			
Non-GAAP weighted average common shares - diluted	176.2				174.5			

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Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Employee severance	$ 1.5	$ 2.3
Acquisition related expenses and compensation	0.5	2.5
Contingent consideration fair value adjustment	(7.2)	(23.3)
Other	6.5	5.2
	$ 1.3	$ (13.2)

(2) For the twelve months ended December 31, 2021 and December 31, 2020, Interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2021, adjustment to exclude loss on convertible debt conversions. For the twelve months ended December 31, 2021 and December 31, 2020, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the twelve months ended December 31, 2021 and December 31, 2020, the non-GAAP diluted EPS calculation adds back \$3.7 million and \$6.8 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 10.0 million and 7.0 million shares, respectively, related to the convertible debt hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

Twelve Months Ended

	December 31, 2019	% of Net Revenues	December 31, 2018	% of Net Revenues
Net Revenues	$ 2,295.0		$ 2,100.8	
Gross profit GAAP	$ 1,339.8	58.4%	$ 1,220.4	58.1%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	$ 1,340.2	58.4%	$ 1,220.8	58.1%
Income from operations - GAAP	$ 553.7	24.1%	$ 473.8	22.6%
Acquired intangible assets amortization	40.1	1.7%	39.2	1.9%
Equity modification charge (1)	2.1	0.1%	-	-
Restructuring and other (2)	(13.9)	-0.6%	15.2	0.7%
Inventory step-up	0.4	0.0%	0.4	0.0%
Income from operations - non-GAAP	$ 582.4	25.4%	$ 528.6	25.2%

	December 31, 2019	% of Net Revenues	Net Income per common share Basic	Net Income per common share Diluted	December 31, 2018	% of Net Revenues	Net Income per common share Basic	Net Income per common share Diluted
Net income - GAAP	$ 467.5	20.4%	$ 2.74	$ 2.60	$ 451.8	21.5%	$ 2.41	$ 2.35
Acquired intangible assets amortization	40.1	1.7%	0.24	0.22	39.2	1.9%	0.21	0.20
Interest and other (3)	28.7	1.3%	0.17	0.16	13.1	0.6%	0.07	0.07
Equity modification charge (1)	2.1	0.1%	0.01	0.01	-	-	-	-
Restructuring and other (2)	(13.9)	-0.6%	(0.08)	(0.08)	15.2	0.7%	0.08	0.08
Inventory step-up	0.4	0.0%	0.00	0.00	0.4	0.0%	0.00	0.00
Pension mark-to-market adjustment (3)	8.2	0.4%	0.05	0.05	(3.3)	-0.2%	(0.02)	(0.02)
Exclude discrete tax adjustments (4)	(22.6)	-1.0%	(0.13)	(0.13)	(59.4)	-2.8%	(0.32)	(0.31)
Non-GAAP tax adjustments	(16.7)	-0.7%	(0.10)	(0.09)	(8.4)	-0.4%	(0.04)	(0.04)
Convertible share adjustment (5)	-	-	-	0.11	-	-	-	0.04
Net income - non-GAAP (5)	$ 493.8	21.5%	$ 2.90	$ 2.86	$ 448.6	21.4%	$ 2.39	$ 2.37
GAAP and non-GAAP weighted average common shares - basic	170.4				187.7			
GAAP weighted average common shares - diluted	179.5				192.6			
Exclude dilutive shares from convertible note	(4.9)				(3.2)			
Non-GAAP weighted average common shares - diluted (5)	174.6				189.4			

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2017	% of Net Revenues	December 31, 2016	% of Net Revenues
Net Revenues	$ 2,136.6		$ 1,753.3	
Gross profit - GAAP	$ 1,223.9	57.3%	$ 959.6	54.7%
Pension mark-to-market adjustment (1)	(2.8)	-0.1%	(1.0)	-0.1%
Gross profit - non-GAAP	$ 1,221.1	57.2%	$ 958.6	54.7%
Income (loss) from operations - GAAP	$ 530.0	24.8%	$ (60.0)	-3.4%
Acquired intangible assets amortization	30.5	1.4%	52.6	3.0%
Restructuring and other (2)	9.4	0.4%	21.9	1.2%
Pension mark-to-market adjustment (1)	(6.3)	-0.3%	(3.2)	-0.2%
Goodwill impairment (3)	-	-	254.9	14.5%
Acquired intangible assets impairment (3)	-	-	83.3	4.8%
Income from operations - non-GAAP	$ 563.6	26.4%	$ 349.5	19.9%

	December 31, 2017	% of Net Revenues	Net Income per Common Share		December 31, 2016	% of Net Revenues	Net (Loss) Income per Common Share	
			Basic	Diluted			Basic	Diluted
Net income (loss) - GAAP	$ 257.7	12.1%	$ 1.30	$ 1.28	$ (43.4)	-2.5%	$ (0.21)	$ (0.21)
Acquired intangible assets amortization	30.5	1.4%	0.15	0.15	52.6	3.0%	0.26	0.26
Interest and other (4)	12.4	0.6%	0.06	0.06	0.6	0.0%	0.00	0.00
Restructuring and other (2)	9.4	0.4%	0.05	0.05	21.9	1.2%	0.11	0.11
Pension mark-to-market adjustment (1)	(6.3)	-0.3%	(0.03)	(0.03)	(3.2)	-0.2%	(0.02)	(0.02)
Goodwill impairment (3)	-	-	-	-	254.9	14.5%	1.26	1.25
Acquired intangible assets impairment (3)	-	-	-	-	83.3	4.8%	0.41	0.41
Exclude discrete tax adjustments (5)	178.3	8.3%	0.90	0.89	(4.5)	-0.3%	(0.02)	(0.02)
Non-GAAP tax adjustments (6)	(12.8)	-0.6%	(0.06)	(0.06)	(53.3)	-3.0%	(0.26)	(0.26)
Net income - non-GAAP	$ 469.2	22.0%	$ 2.37	$ 2.34	$ 308.9	17.6%	$ 1.52	$ 1.51

	December 31, 2017	December 31, 2016
GAAP and non-GAAP weighted average common shares - basic	198.1	202.6
GAAP weighted average common shares - diluted	201.6	202.6
Exclude dilutive shares from convertible note	(1.3)	-
Include dilutive shares	-	1.8
Non-GAAP weighted average common shares - diluted	200.3	204.4

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Appendix | GAAP to Non-GAAP Reconciliation

	Q4'20		Q3'21		Q4'21		Q1'22 Low Guidance		Q1'22 High Guidance	
	$'s	% of sales	$'s	% of sales	$'s	% of sales	$'s	% of sales	$'s	% of sales
GAAP Operating Expenses	$216	28%	$249	26%	$263	30%	$259	37%	$262	34%
Intangible Asset Amortization	-$6	-1%	-$5	-1%	-$5	-1%	-$5	-1%	-$5	-1%
Restructuring and Other	$15	2%	-$1	0%	-$5	-1%				
Equity Modification Charge	-$1			0%						
Non GAAP Operating Expenses	$224	30%	$242	25%	$253	29%	$254	36%	$257	33%

	Q4'20		Q3'21		Q4'21		2020		2021	
	$'s	%	$'s	%	$'s	%	$'s	%	$'s	%
GAAP Income Tax	$27	12%	$41	14%	$33	12%	$117	13%	$148	13%
Exclude discrete tax adjustments	$2	1%	$6	2%	$7	2%	$15	2%	$29	2%
Tax effect of non-GAAP adjustments	$4	2%	$1	0%	-$2	-1%	$12	1%	$2	0%
Effect of Higher Non-GAAP PBT		0%		-1%		-1%		-1%		-1%
Non GAAP Income Tax	$33	14%	$48	15%	$38	14%	$144	15%	$178	15%

Q1'22 Guidance:

GAAP net interest and other income	$1.3
Exclude non cash convertible debt interest	-$1.2
Loss on convertible debt conversions	-$3.4
Pension to mark-to-market adjustment	$1.6
Non-GAAP net interest and other income	-$1.7

Q1'22 Guidance

GAAP net interest and other income	-$4.0
Exclude non cash convertible debt interest	$3.1
Non-GAAP net interest and other income	-$0.9

Q1'22 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	22%	25%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	22%	26%

Q1'22 GAAP Guidance Diluted Shares	177
Exclude dilutive shares from convertible note	-3
Q1'22 Non-GAAP Guidance Diluted Shares	175

FY 2022 GAAP estimated tax rate	15.00%
Adjustment for Non GAAP items	0.00%
FY 2022 Non GAAP estimated tax rate	15.00%

GAAP to Non-GAAP Reconciliation of First Quarter 2022 guidance:

GAAP and non-GAAP first quarter revenue guidance:	$700 million	to	$770 million
GAAP net income per diluted share	$ 0.71		$ 0.93
Exclude acquired intangible assets amortization	0.03		0.03
Exclude non-cash convertible debt interest	0.01		0.01
Tax effect of non-GAAP adjustments	(0.01)		(0.01)
Convertible share adjustment	0.01		0.02
Non-GAAP net income per diluted share	$ 0.76		$ 0.98

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Appendix | GAAP to Non-GAAP Reconciliation

	Q4'21	Q3'21	Q4'20	FY2021	FY2020
GAAP SG&A expense	143	135	124	548	465
Exclude stock compensation related to equity modification	-	-	(1)	-	(1)
Non-GAAP SG&A expense	143	135	123	548	464

	2020		2021	
	$'s	% of sales	$'s	% of sales
GAAP Operating Expenses	$857	27%	$998	27%
Intangible Asset Amortization	-$31	-1%	-$21	-1%
Restructuring and Other	$13	0%	-$1	0%
Equity Modification Charge	-$1	0%		0%
Non GAAP Operating Expenses	$839	27%	$975	26%

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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.

	2015	2016	2017	2018	2019	2020	2021	Q4'20	Q3'21	Q4'21
GAAP Cash Flow from Operations, Excl Disc Ops	$ 413	$ 455	$ 626	$ 477	$ 579	$ 869	$ 1,098	$ 260	$ 523	$ 331
Less Property, Plant, and Equipment Additions net of Govt Subsidy	$ (90)	$ (85)	$ (105)	$ (107)	$ (135)	$ (185)	$ (132)	$ (38)	$ (29)	$ (29)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	$ 323	$ 370	$ 521	$ 370	$ 444	$ 684	$ 966	$ 222	$ 493	$ 302

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Appendix | GAAP to Non-GAAP Reconciliation

Old 2024 Model Range

	FY 2024 Low	FY 2024 High
2024 Estimated GAAP Operating Expenses as a % of Sales	29%	29%
Less Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Expenses as a % of Sales	29%	28%

	FY 2024 Low	FY 2024 High
2024 Estimated GAAP Operating Profit as a % of Sales	29%	31%
Add back Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Profit as a % of Sales	30%	31%

	FY 2024 Low	FY 2024 High
2024 Estimated GAAP Diluted EPS	$ 5.15	$ 6.65
Add back Intangible Asset Amortization	$ 0.10	$ 0.10
2024 Estimates Non-GAAP Diluted EPS	$ 5.25	$ 6.75

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Appendix | GAAP to Non-GAAP Reconciliation

New 2024 Model Range

	FY 2024 Low	FY 2024 Mid	FY 2024 High
2024 Estimated GAAP Diluted EPS	$ 6.90	$ 7.90	$ 8.90
Add Back Intangible Asset Amortization	$ 0.10	$ 0.10	$ 0.10
2024 Estimated Non-GAAP Diluted EPS	$ 7.00	$ 8.00	$ 9.00

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