TERADYNE, INC
Form DEF 14A
March 31, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240. 14a-12

Teradyne, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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TERADYNE, INC.

600 Riverpark Drive

North Reading, Massachusetts 01864

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of Teradyne, Inc., a Massachusetts corporation, will be held on Tuesday, May 10, 2016 at 10:00 A.M. Eastern Time, at the offices of Teradyne, Inc. at 600 Riverpark Drive, North Reading, Massachusetts 01864, for the following purposes:

1. To elect the eight nominees named in the accompanying proxy statement to the Board of Directors to serve as directors for a one-year term.

2. To approve, in a non-binding, advisory vote, the compensation of the Company s named executive officers.

3. To ratify the selection of the firm of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2016.

4. To transact such other business as may properly come before the meeting and any postponements or adjournments thereof.

Shareholders entitled to notice of and to vote at the meeting shall be determined as of the close of business on March 17, 2016, the record date fixed by the Board of Directors for such purpose.

By Order of the Board of Directors,

Charles J. Gray, Secretary

March 31, 2016

Shareholders are requested to vote in one of the following three ways: (1) by completing, signing and dating the proxy card provided by Teradyne and returning it by return mail to Teradyne in the enclosed envelope or at the address indicated on the proxy card, (2) by

completing a proxy using the toll-free telephone number listed on the proxy card, or (3) by completing a proxy on the Internet at the address listed on the proxy card.

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TERADYNE, INC.

600 Riverpark Drive

North Reading, Massachusetts 01864

PROXY STATEMENT

March 31, 2016

Proxies in the form provided by Teradyne, Inc. (Teradyne or the Company) are solicited by the Board of Directors (Board) of Teradyne for use at the Annual Meeting of Shareholders to be held on Tuesday, May 10, 2016, at 10:00 A.M. Eastern Time, at the offices of Teradyne, Inc. at 600 Riverpark Drive, North Reading, Massachusetts 01864.

Only shareholders of record as of the close of business on March 17, 2016 (the Record Date) will be entitled to vote at this annual meeting and any adjournments thereof. As of the Record Date, 203,994,967 shares of common stock were issued and outstanding. Each share outstanding as of the Record Date will be entitled to one vote, and shareholders may vote in person or by proxy. Delivery of a proxy will not in any way affect a shareholder s right to attend the annual meeting and vote in person. Any shareholder delivering a proxy has the right to revoke it only by written notice to the Secretary or Assistant Secretary delivered at any time before it is exercised, including at the annual meeting. All properly completed proxy forms returned in time to be cast at the annual meeting will be voted.

Important Notice Regarding the Availability of Proxy Materials for

the Shareholder Meeting to be Held on May 10, 2016

This Proxy Statement and the Accompanying Annual Report on Form 10-K, Letter to Shareholders, and Notice, are available at www.proxyvote.com

At the meeting, the shareholders will consider and vote upon the following proposals put forth by the Board:

1. To elect the eight nominees named in this proxy statement to the Board of Directors to serve as directors for a one-year term.

2. To approve, in a non-binding, advisory vote, the compensation of the Company s named executive officers.

3. To ratify the selection of the firm of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2016.

The Board recommends that you vote **FOR** the proposals listed above.

On or about March 31, 2016, the Company mailed to its shareholders of record as of March 17, 2016 a notice containing instructions on how to access this proxy statement and the Company s annual report online and to vote. Also on March 31, 2016, the Company began mailing printed copies of these proxy materials to shareholders that have requested printed copies.

If you received a notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. Instead, the notice instructs you on how to access and review all of the important information contained in the proxy statement and annual report. The notice also instructs you on how you may submit your proxy over the Internet. If you received a notice by mail and would like to receive a printed copy of the proxy materials, you should follow the instructions for requesting such materials included in the notice.

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If a shareholder completes and submits a proxy, the shares represented by the proxy will be voted in accordance with the instructions for such proxy. If a shareholder submits a proxy card but does not fill out the voting instructions, shares represented by such proxy will be voted FOR the proposals listed above.

Shareholders may vote in one of the following three ways:

1. by completing a proxy on the Internet at the address listed on the proxy card or notice,

2. by completing a proxy using the toll-free telephone number listed on the proxy card or notice, or

3. by completing, signing and dating the proxy card provided by Teradyne and returning it in the enclosed envelope or by return mail to Teradyne at the address indicated on the proxy card.

A majority of the outstanding shares represented at the meeting in person or by proxy shall constitute a quorum for the transaction of business. Abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the meeting. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. For this annual meeting, on all matters being submitted to shareholders, an affirmative vote of at least a majority of the shares voting on the matter at the meeting is required for approval. The vote on each matter submitted to shareholders is tabulated separately. Abstentions are not included in the number of shares present, or represented, and voting on each separate matter. Broker non-votes are also not included. An automated system administered by Teradyne s transfer agent tabulates the votes.

The Board knows of no other matter to be presented at the annual meeting. If any other matter should be presented at the annual meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board will be voted in accordance with the judgment of those officers named as proxies and in accordance with the Securities and Exchange Commission s (SEC s) proxy rules. See the section entitled Shareholder Proposals for 2017 Annual Meeting of Shareholders for additional information.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The Board presently consists of eight members, six of whom are independent directors. Each director is elected annually for a one-year term. The terms of the directors expire at the 2016 Annual Meeting of Shareholders. The Board, based on the recommendation of the Nominating and Corporate Governance Committee, has nominated all current directors for re-election. Teradyne has no reason to believe that any of the nominees will be unable to serve; however, if that should be the case, proxies will be voted for the election of some other person (nominated in accordance with Teradyne s bylaws) or the Board will decrease the number of directors that currently serve on the Board. If elected, each director will hold office until the 2017 Annual Meeting of Shareholders.

The Board recommends a vote FOR the election to the Board of Ms. Johnson and each of Messrs. Bradley, Christman, Gillis, Guertin, Jagiela, Tufano and Vallee.

The following table sets forth the nominees to be elected at this annual meeting, the year each person was first appointed or elected, the principal occupation of that person during at least the past five years, that person s age, any other public company boards on which the nominee serves or has served in the past five years, and the nominee s qualifications to serve on the Board. In addition to the information presented below regarding each nominee s specific experience, qualifications, attributes and skills that led the Board to the conclusion that he or she should serve as a director, Teradyne also believes that all of its director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to Teradyne and the Board. Additionally, Teradyne values the directors significant experience on other public company boards of directors and board committees.

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Nominees for Directors

Name	Year Became Director	Background and Qualifications
Michael A. Bradley	2004	Mr. Bradley, 67, served as the Company s Chief Executive Officer from May 2004 until February 2014. He was President of Teradyne from May 2003 until January 2013, President of the Semiconductor Test Division from April 2001 until May 2003 and Chief Financial Officer from July 1999 until April 2001. From 1992 until 2001, he held various Vice President positions at Teradyne. Mr. Bradley has been a director of Entegris, Inc., and its predecessor company Mykrolis Corporation, since 2001 and of Avnet, Inc. since November 2012.
		Mr. Bradley contributes valuable institutional knowledge and executive experience from his 37 years with Teradyne, including 10 years as Chief Executive Officer.
Daniel W. Christman	2010	Mr. Christman, 72, has served as Senior Counselor to the President of the U.S. Chamber of Commerce since 2009 and as Senior Vice President of International Affairs at the Chamber from 2003 until 2009. In 2001, he retired in the grade of Lieutenant General after a career in the United States Army that spanned more than 36 years. Immediately prior to his retirement, Mr. Christman was the Superintendent of the United States Military Academy at West Point from 1996 to 2001. From 1994 to 1996, he served as Assistant to the Chairman of the Joint Chiefs of Staff of the United States. Mr. Christman has been a director of Entegris, Inc., and its predecessor company Mykrolis Corporation, since 2001. Mr. Christman was a director of the United Services Automobile Association from 1995 to November 2010 and a director of Ultralife Batteries, Inc. from 2001 to March 2010 where he also was the Chairman from September 2009 to March 2010.
		Mr. Christman contributes his considerable experience with international business issues as well as expertise in leadership and management gained from his 36 plus years as a military leader.
Edwin J. Gillis	2006	Mr. Gillis, 67, has worked as a business consultant and private investor since January 2006. From July 2005 to December 2005, he was the Senior Vice President of Administration and Integration of Symantec Corporation, following the merger of Veritas Software Corporation and Symantec Corporation. He served as Executive Vice President and Chief Financial Officer of Veritas Software Corporation from November 2002 to June 2005, as the Executive Vice President and Chief Financial Officer of Parametric Technology Corporation from September 1995 to November 2002, and as the Chief Financial Officer of Lotus Development Corporation from 1991 to September 1995. Prior to joining Lotus, Mr. Gillis was a Certified Public Accountant and partner at Coopers & Lybrand L.L.P. Mr. Gillis has been a director of LogMeIn, Inc. since November 2007, a director of Sophos Plc. since November 2009, a director of Responsys Inc. since March 2011 and a director of AppNexus, Inc. since November 2012.

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Name	Year Became Director	Background and Qualifications
		Mr. Gillis contributes extensive experience relating to the issues confronting global technology companies and financial reporting expertise as a former Chief Financial Officer of several publicly-traded technology companies.
Timothy E. Guertin	2011	Mr. Guertin, 66, has been the Vice Chairman of the Board of Directors of Varian Medical Systems, Inc. (Varian) since September 2012 and a director of Varian since 2005. He served as Chief Executive Officer of Varian from February 2006 to September 2012 and as President from August 2005 to September 2012. He served as Chief Operating Officer from October 2004 to February 2006 and as Corporate Executive Vice President from October 2002 to August 2006. Prior to that time, he was President of Varian s Oncology Systems business unit from 1992 to January 2005 and a Corporate Vice President from 1992 to 2002.
		Mr. Guertin contributes significant executive experience at a global technology and manufacturing company with issues similar to those confronting Teradyne.
Mark E. Jagiela	2014	Mr. Jagiela, 55, has served as a director and as the Company s Chief Executive Officer since February 2014. He has served as the President of Teradyne since January 2013 and the President of the Company s Semiconductor Test Division from 2003 to February 2016. Mr. Jagiela was appointed a Vice President of Teradyne in 2001. He has held a variety of senior management roles at the Company including General Manager of Teradyne s Japan Division.
		Mr. Jagiela contributes valuable executive experience from his 34 years in multiple management roles, including as President and Chief Executive Officer, within Teradyne.
Mercedes Johnson	2014	Ms. Johnson, 62, served as Interim Chief Financial Officer of Intersil Corporation from April 2013 to September 2013 and as the Senior Vice President and Chief Financial Officer of Avago Technologies Limited from December 2005 to August 2008. Prior to joining Avago, Ms. Johnson was Senior Vice President, Finance, of Lam Research Corporation from June 2004 to January 2005 and Chief Financial Officer of Lam from May 1997 to May 2004. Ms. Johnson has been a director of Micron Technology, Inc. since June 2005, a director of Intersil Corporation since August 2005, and a director of Juniper Networks, Inc. since May 2011.
		Ms. Johnson contributes valuable industry experience as a former senior financial executive at semiconductor and semiconductor equipment companies as well as a current member of the boards of directors of global technology companies.

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Name	Year Became Director	Background and Qualifications
Paul J. Tufano	2005	Mr. Tufano, 62, served as the Chief Financial Officer of Alcatel-Lucent from December 2008 to September 2013 and Chief Operating Officer of Alcatel-Lucent from January 2013 to September 2013. He was Executive Vice President of Alcatel-Lucent from December 2008 to January 2013. He also served as a consultant for Alcatel-Lucent from September 2013 to April 2014. Mr. Tufano was the Executive Vice President and Chief Financial Officer of Solectron Corporation from January 2006 to October 2007 and Interim Chief Executive Officer from February 2007 to October 2007. Prior to joining Solectron, Mr. Tufano worked at Maxtor Corporation where he was President and Chief Executive Officer from February 2003 to November 2004, Executive Vice President and Chief Operating Officer from April 2001 to February 2003 and Chief Financial Officer from July 1996 to February 2003. From 1979 until he joined Maxtor Corporation in 1996, Mr. Tufano held a variety of management positions in finance and operations at International Business Machines Corporation. Mr. Tufano has been a director of EnerSys since April 2015 and of Benchmark Electronics, Inc. since February 2016.
		Mr. Tufano contributes widespread knowledge of the issues confronting complex technology and manufacturing companies and extensive financial reporting expertise.
Roy A. Vallee	2000	Mr. Vallee, 63, served as Executive Chairman of the Board of Directors of Avnet, Inc. from July 2011 to November 2012 and as a director of Avnet, Inc. from 1991 to 2012. From July 1998 to July 2011, he was Chairman of the Board of Directors and Chief Executive Officer of Avnet, Inc. He also was Vice Chairman of the Board of Directors from November 1992 to July 1998 and President and Chief Operating Officer from March 1992 until July 1998. Since 2003, Mr. Vallee has been a director of Synopsys, Inc. He is currently the Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco.
		Mr. Vallee contributes valuable executive experience within the global technology industry as well as extensive knowledge of the issues affecting complex technology companies.

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PROPOSAL NO. 2

ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

The Company is providing shareholders with the opportunity at the 2016 Annual Meeting to vote on the following advisory resolution, commonly known as Say-on-Pay :

RESOLVED, that the shareholders of the Company approve, in a non-binding, advisory vote, the compensation of the Company s named executive officers as disclosed in the Company s proxy statement under the headings Compensation Discussion and Analysis and Executive Compensation Tables pursuant to Item 402 of Regulation S-K.

The Company s Board of Directors has implemented an executive compensation program that rewards performance. The Board of Directors fosters a performance-oriented environment by tying a significant portion of each executive officer s cash and equity compensation to the achievement of short-term and long-term performance objectives that are important to the Company and its shareholders. The Board of Directors has designed the Company s executive compensation program to attract, motivate, reward and retain the senior management talent required to achieve the Company s corporate objectives and increase shareholder value. The Company believes that its compensation policies and practices reflect a pay-for-performance philosophy and are strongly aligned with the long-term interests of shareholders. The Company recommends shareholders read the sections of this proxy statement entitled Compensation Discussion and Analysis and Executive Compensation Tables before voting on this Say-on-Pay advisory proposal.

The performance-based executive compensation program resulted in compensation for the Company s named executive officers that reflects the Company s exceptional financial results for 2015. The Company had revenues of $1.64 billion in a down-cycle year for the semiconductor test market and increased its profit rate before interest and taxes, or PBIT, as described in the section of this proxy statement entitled Compensation Discussion and Analysis . The Company achieved market share gains in its system-on-a-chip, memory and wireless test markets and entered the industrial automation market with the acquisition of Universal Robots A/S, positioning the Company for future growth. The Company s sustained profitability and free cash flow allowed the Company in 2015 to return $351 million to shareholders through payment of quarterly dividends and share repurchases.

The Company s performance-based variable compensation for 2015 was tied both to the Company s rate of profitability and to the achievement of strategic business objectives, including market share gains, revenue goals, profit margin targets, strategic customer wins and new product launches the achievement of which positively impact the Company s long-term performance. Due to the Company s rate of profitability and achievement of market share and other strategic goals in 2015, executive officers received variable cash compensation payouts ranging from 154% to 195% of target.

In 2015, the Company continued its relative total shareholder return formula for performance-based stock awards measured at the end of a three-year performance period. The determination of the final amount of equity to be received for these performance-based stock awards will not be determined until January 2018.

The Company s shareholders voted to approve the Say-on-Pay advisory proposal at the 2015 Annual Meeting of Shareholders with 97% of the votes cast approving the proposal. Notwithstanding this result, the Board of Directors continues to assess the Company s executive compensation program to ensure it remains aligned with both short-term and long-term performance. In 2016, the Company added revenue growth as an element of the variable cash compensation plan to reinforce the importance of achieving short- and long-term revenue growth as well as industry-leading profitability. Additionally in 2016, the Company changed the long-term performance criteria for performance-based stock awards to include both a three-year relative total shareholder return component and a three-year cumulative PBIT component.

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The performance-based variable cash compensation and equity awards are described in detail in the Compensation Discussion and Analysis section of this proxy statement.

The Company will report the results of the Say-on-Pay vote in a Form 8-K following the 2016 Annual Meeting of Shareholders. The Company also will disclose in subsequent proxy statements how the Company s compensation policies and decisions take into account the results of the shareholder advisory vote on executive compensation.

The Board recommends a vote FOR the advisory resolution approving the compensation of the Company s named executive officers as described in this proxy statement.

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PROPOSAL NO. 3

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected (and the Board of Directors has approved) PricewaterhouseCoopers LLP to serve as Teradyne s independent registered public accounting firm for the fiscal year ending December 31, 2016. PricewaterhouseCoopers LLP, or its predecessor Coopers & Lybrand L.L.P., has served as Teradyne s independent registered public accounting firm since 1968. The appointment of PricewaterhouseCoopers LLP is in the best interest of Teradyne s shareholders. Teradyne expects that a representative from PricewaterhouseCoopers LLP will be at the annual meeting, will have the opportunity to make a statement if so desired and will be available to respond to appropriate questions. The ratification of this selection is not required by the laws of The Commonwealth of Massachusetts, where Teradyne is incorporated, but the results of this vote will be considered by the Audit Committee in selecting an independent registered public accounting firm for future fiscal years.

The Board recommends a vote FOR ratification of the selection of PricewaterhouseCoopers LLP.

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CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

Corporate Governance and Board Policies

Teradyne is committed to good, transparent corporate governance to ensure that the Company is managed for the long-term benefit of its shareholders. The Board of Directors has adopted Corporate Governance Guidelines (Guidelines) to provide a framework for the effective governance of Teradyne. The Nominating and Corporate Governance Committee periodically reviews the Guidelines and recommends changes, as appropriate, to the Board of Directors for approval. The Board of Directors has also adopted written charters for its standing committees (Audit, Compensation, and Nominating and Corporate Governance), and the Company has a Code of Conduct applicable to all directors, officers and employees. Copies of the Guidelines, committee charters, and Code of Conduct are available on the Company s web site at *www.teradyne.com* under the Corporate Governance section of the Investors link. Teradyne posts additional information on its web site from time to time as the Board makes changes to Teradyne s corporate governance policies.

Teradyne has instituted a variety of policies and practices to foster and maintain good corporate governance. The Board reviews these practices on a regular basis. Teradyne s current policies and practices include the following:

- Independent directors constitute majority of Board and all members of the Board Committees;
- Independent Board Chair;
- All directors elected annually for one-year term with majority voting for uncontested Board elections;
- Adoption of Poison Pill requires shareholder approval;
- Recoupment of incentive compensation from executives for fraud resulting in financial restatement;
- Director and executive officer stock ownership guidelines;
- Annual Board and Committee self-assessments;
- Executive sessions of independent directors at Board meetings;
- Board access to management and independent advisors;
- Independent registered public accounting firm and internal auditor meet regularly with Audit Committee without management present;
- Review by Nominating and Corporate Governance Committee of director s change in position; and

Policy prohibiting executives and directors from hedging Teradyne stock (through short selling or the use of financial instruments such as exchange funds, equity swaps, puts, calls, collars or other derivative instruments) and pledging Teradyne stock as collateral for loans (including through the use of margin accounts).

Board Nomination Policies and Procedures

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending candidates for election to the Board and does not distinguish between nominees recommended by shareholders and other nominees. All nominees must meet, at a minimum, the Board membership criteria described below.

Director nominees are evaluated on the basis of a range of criteria, including (but not limited to): integrity, honesty and adherence to high ethical standards; business acumen, experience and ability to exercise sound judgments and contribute positively to a decision-making process; commitment to understanding Teradyne and its industry, and to regularly attend and participate in Board and Committee meetings; ability to ensure that outside commitments do not materially interfere with duties as a Board member; absence of a conflict of interest or appearance of a conflict of interest; and other appropriate considerations. Nominees shall be 74 years or younger as of the date of election or appointment. No director may serve on more than four other public company boards.

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The Board seeks nominees with a broad diversity of viewpoints, professional experience, education, geographic representation, backgrounds and skills. The backgrounds and qualifications of directors, considered as a group, should provide a significant composite mix of backgrounds, expertise and experience that will allow the Board to fulfill its responsibilities. The Board values ethnic, cultural, gender, economic, professional and educational diversity in evaluating new candidates and seeks to incorporate a wide range of those attributes in Teradyne s Board of Directors. Board composition is reviewed regularly to ensure that Teradyne s directors reflect the knowledge, experience, skills and diversity required for the needs of the Board.

Shareholders wishing to suggest candidates to the Nominating and Corporate Governance Committee for consideration as potential director nominees may do so by submitting the candidate s name, experience, and other relevant information to the Nominating and Corporate Governance Committee, 600 Riverpark Drive, North Reading, MA 01864. Shareholders wishing to nominate directors may do so by submitting a written notice to the Secretary at the same address in accordance with the nomination procedures set forth in Teradyne s bylaws. Additional information regarding the nomination procedure is provided in the section below captioned Shareholder Proposals for 2017 Annual Meeting of Shareholders .

Director Independence

Teradyne s Corporate Governance Guidelines require that at least a majority of the Board shall be independent. To be considered independent, a director must satisfy the definitions pursuant to the SEC rules and the listing standards of the New York Stock Exchange (NYSE), meet the standards regarding director independence adopted by Teradyne, and, in the Board s judgment, not have a material relationship with Teradyne. The standards for determining independence are available on Teradyne s web site at *www.teradyne.com* under the Corporate Governance section of the Investors link.

The Board has determined that the following directors are independent using the criteria identified above: Daniel W. Christman, Edwin J. Gillis, Timothy E. Guertin, Mercedes Johnson, Paul J. Tufano and Roy A. Vallee. In determining the independence of Teradyne s directors, the Board reviewed and determined that the following did not preclude a determination of independence under Teradyne s standards: Ms. Johnson s position as a director of Micron Technology, Inc., Intersil Corporation, and Juniper Networks, Inc., each a Teradyne customer; Mr. Tufano s position as a director of Benchmark Electronics, Inc., one of Teradyne s customers; and Mr. Vallee s position as a director of Synopsys, Inc., one of Teradyne s customers. Teradyne s business with Micron Technology, Intersil, Juniper Networks, Benchmark Electronics and Synopsys during 2015 was immaterial to Teradyne and to the other companies. Teradyne will continue to monitor its business relationships to ensure they have no impact on the independence of its directors. The Board has determined that Mr. Jagiela is not independent because he is Teradyne s Chief Executive Officer and Mr. Bradley is not independent because he served as Teradyne s Chief Executive Officer within the past three years.

All members of the Company s three standing committees the Audit, Compensation and Nominating and Corporate Governance Committee are required to be independent and have been determined by the Board to be independent pursuant to the SEC rules and the listing standards of The NYSE, as well as Teradyne s standards.

The independent directors of the Board and its standing committees periodically meet without management present.

Board Leadership Structure and Self-Assessment

Since May 2014, Mr. Vallee has served as an independent Chair of the Board. The Board believes that having an independent Chair is the preferred corporate governance structure for the Company because it strikes an effective balance between management and independent leadership participation in the Board process.

The Board and each of its committees annually undertake a self-assessment, including an evaluation of its composition, mandate and function.

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Code of Ethics

The Code of Conduct is Teradyne s ethics policy. The Board has established a means for anyone to report violations of the ethics policy on a confidential or anonymous basis. Teradyne s Code of Conduct is available on Teradyne s web site at *www.teradyne.com* under the Corporate Governance section of the Investors link.

Teradyne maintains an insider trading policy as part of its Code of Conduct. Among other things, the insider trading policy prohibits trading on material non-public information and provides that directors, executive officers and certain other employees are prohibited from buying or selling Teradyne securities during the Company s non-trading periods, also called blackout periods , except pursuant to an approved trading plan.

Teradyne shall disclose any change to or waiver from the Code of Conduct granted to an executive officer or director within four business days of such determination by disclosing the required information on its web site at *www.teradyne.com* under the Corporate Governance section of the Investors link.

Board Oversight of Risk

Management is responsible for the day-to-day management of risks to the Company, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. Management attends regular Board and committee meetings and discusses with the Board and committees various risks confronting the Company, including operational, legal, market and competitive risks. Management and the Board have not identified any risks arising from Teradyne s compensation plans, policies and practices for the executives or employees that are reasonably likely to have a material adverse effect on the Company.

Related Party Transactions

Under Teradyne s written Conflict of Interest Policy, which is part of Teradyne s Code of Conduct, the General Counsel notifies the Audit Committee of any investment or other arrangement to be entered into by Teradyne that could or would be perceived to represent a conflict of interest with any of the executive officers or directors. Every year Teradyne makes an affirmative inquiry of each of the executive officers and directors as to their existing relationships. Teradyne reports any potential conflicts identified through these inquiries to the Audit Committee.

Shareholder Communications with Board of Directors

Shareholders and other interested parties may communicate with one or more members of the Board, including the Chair, or the non-management directors as a group by writing to the Non-Management Directors, Board of Directors, 600 Riverpark Drive, North Reading, MA 01864 or by electronic mail at nonmanagementdirectors@teradyne.com. Any communications that relate to ordinary business matters that are not within the scope of the Board s responsibilities, such as customer complaints, will be sent to the appropriate executive. Solicitations, junk mail, computer viruses, and obviously frivolous or inappropriate communications will not be forwarded, but will be made available to any director who wishes to review them.

Under Teradyne s Corporate Governance Guidelines, each director is expected to attend each annual meeting of shareholders. All directors attended the 2015 Annual Meeting of Shareholders held on May 12, 2015.

Board Meetings

The Board met five times during the year ended December 31, 2015. The non-employee directors, all of whom are independent, held executive sessions in which they met without management after its regularly scheduled meetings during 2015. The Chair of the Board presides over all Board meetings and each executive

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session. During 2015, each director attended at least 75% of the total number of meetings of the Board and committee meetings held while such person served as a director. Teradyne s Corporate Governance Guidelines, which are available at *www.teradyne.com* under the Corporate Governance section of the Investors link, provide a framework for the conduct of the Board s business.

Board Committees

The Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. In accordance with the listing standards of The NYSE, all of the committees are comprised of independent directors. The members of each committee are appointed by the Board based on the recommendation of the Nominating and Corporate Governance Committee. Each committee performs a self-evaluation and reviews its charter annually. Actions taken by any committee are reported to the Board, usually at the next Board meeting following the action. The table below shows the current membership of each of the standing committees:

Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Edwin J. Gillis*	Daniel W. Christman	Daniel W. Christman*
Mercedes Johnson	Timothy E. Guertin*	Timothy E. Guertin
Paul J. Tufano	Roy A. Vallee	Roy A. Vallee

* Committee Chair

The Board will appoint committee members for the 2016-2017 term following the election of directors at the 2016 Annual Meeting of Shareholders.

Audit Committee

The Audit Committee has three members, all of whom have been determined by the Board to be independent pursuant to SEC rules and the listing standards of The NYSE, as well as Teradyne s independence standards. In addition, the Board determined that each member of the Audit Committee is financially literate and an audit committee financial expert as defined in the rules and regulations promulgated by the SEC. The Audit Committee s oversight responsibilities, described in greater detail in its charter, include, among other things:

- overseeing matters relating to the financial disclosure and reporting process, including the system of internal controls;
- reviewing the internal audit function and annual internal audit plan;
- supervising compliance with legal and regulatory requirements;
- reviewing and approving the appointment, compensation, activities, and independence of the independent registered public accounting firm including the selection of the lead audit partner; and
- conducting a financial risk assessment.

The Audit Committee met twelve times during 2015. The responsibilities of the Audit Committee and its activities during 2015 are more fully described in the Audit Committee Report contained in this proxy statement.

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Compensation Committee

The Compensation Committee has three members, all of whom have been determined by the Board to be independent pursuant to SEC rules and the listing standards of The NYSE, as well as Teradyne s independence standards. The Compensation Committee s primary responsibilities, discussed in greater detail in its charter, include, among other things:

- oversight of and assessment of the risks associated with Teradyne s compensation programs, policies and practices;
- recommending changes and/or recommending the adoption of new compensation plans to the Board, as appropriate;
- reviewing and recommending to the Board each year the compensation for non-employee directors;
- evaluating and recommending to the independent directors of the Board the annual cash and equity compensation and benefits to be provided for the Chief Executive Officer; and
- reviewing and approving of the cash and equity compensation and benefit packages of the other executive officers.

The Compensation Committee has the authority to and does engage the services of independent advisors, experts and others to assist it from time to time. Teradyne s compensation and benefits group in the Human Resources Department supports the Compensation Committee in its work and assists in administering the compensation plans and programs.

The Compensation Committee met five times during 2015.

The Compensation Committee has retained Compensia, Inc. (Compensia), an executive compensation consulting firm, to assist it in carrying out its duties and responsibilities regarding executive and non-employee director compensation. In 2015, this engagement involved preparing (1) an executive officer compensation competitive analysis; (2) a director compensation competitive analysis; (3) a peer group analysis; and (4) a tally sheet analysis for executive officers. To maintain the independence of its advice, Compensia has provided no services to Teradyne other than the services provided to the Compensation Committee. In addition, the Compensation Committee conducts annually a conflict of interest assessment for Compensia and any other independent advisors engaged during the year using the factors applicable to compensation consultations under SEC rules and the listing standards of The NYSE, and, for 2015, no conflict of interest was identified.

The Compensation Committee also uses proprietary compensation surveys prepared by Radford, a global compensation consultant focused on technology companies.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised entirely of independent directors in accordance with SEC rules and the listing standards of The NYSE, as well as Teradyne s independence standards. None of Teradyne s executive officers serves on the Compensation Committee of any of the companies in which the directors are officers.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee has three members, all of whom have been determined by the Board to be independent pursuant to SEC rules and the listing standards of The NYSE, as well as Teradyne s independence standards. The Nominating and Corporate Governance Committee s primary responsibilities, discussed in greater detail in its charter, include, among other things:

identify individuals qualified to become Board members;

recommend to the Board the nominees for election or re-election as directors at the annual meeting of shareholders;

- develop and recommend to the Board a set of corporate governance principles;
- oversee and advise the Board with respect to corporate governance matters; and
- oversee the evaluation of the Board.

The Nominating and Corporate Governance Committee identifies director candidates through numerous sources, including recommendations from existing Board members, executive officers, and shareholders and through engagements with executive search firms.

Non-employee directors must notify the Nominating and Corporate Governance Committee if the director experiences a change of position from that held upon first becoming a member of the Board. Upon any such notification, the Nominating and Corporate Governance Committee will review the appropriateness of the director s continued membership under the circumstances. Teradyne s Corporate Governance Guidelines also provide that the continuation of a former Chief Executive Officer of the Company on the Board is a matter to be decided by the Board, upon recommendation of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee met four times during 2015.

Director Compensation

Teradyne uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. Non-employee directors compensation is determined by the Board at the recommendation of the Compensation Committee. Directors who are employees of Teradyne receive no compensation for their service as a director.

Cash Compensation

In 2015, the non-employee directors were compensated at the rate of $70,000 per year. Additional fees paid to certain non-employee directors in 2015 were as follows:

- The Board Chair received an additional $55,000 per year;
- The Chair of the Audit Committee received an additional $25,000 per year;
- The Chair of the Compensation Committee received an additional $20,000 per year; and
- The Chair of the Nominating and Corporate Governance Committee received an additional $15,000 per year.

Stock-Based Compensation

Each non-employee director receives an annual equity award having a fair market value equal to $150,000 on the earlier of (i) the date of the Annual Meeting of Shareholders or (ii) the last Thursday in May. This annual equity award, which is delivered in the form of restricted stock units, vests in full on the earlier of (i) the first anniversary of the date of grant or (ii) the date of the following year s Annual Meeting of Shareholders.

Each new non-employee director is granted an equity award on the date first elected or appointed to the Board (other than pursuant to an election at the Annual Meeting of Shareholders) having a fair market value equal to $150,000 pro-rated daily to reflect the period between the director s date of election or appointment and the date of the next annual board grant. This equity award, which is also delivered in the form of restricted stock units, vests in full on the date of the next annual equity award grant.

Director Deferral Program

The non-employee directors may elect to defer receipt of their cash and/or equity awards and have the compensation invested into (1) an interest bearing account (based on ten-year Treasury note interest rates) or (2) a deferred stock unit (DSU) account. If a non-employee director elects to participate in this deferral

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program, he or she will receive either the cash value of the interest bearing account or the shares of the Company s common stock underlying the DSU s within 90 days following the end of his or her board service.

Director Stock Ownership Guidelines

The Company maintains stock retention and stock ownership guidelines to align the interests of the non-employee directors with those of the Company s shareholders and ensure that the directors have an ongoing financial stake in the Company s success. Pursuant to the guidelines, the non-employee directors are expected to attain (within five years from the date of initial election to the Board) and maintain an investment level in shares of the Company s common stock equal to three times their annual cash retainer. All of the non-employee directors other than Ms. Johnson, who joined the Board in 2014, met the ownership guidelines as of year-end.

Director Compensation Table for 2015

The table below summarizes the compensation Teradyne paid to the non-employee directors for the fiscal year ended December 31, 2015.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)(3)	All Other Compensation	Total
Michael A. Bradley	$ 70,000	$ 150,001	$ 0	$ 220,001
Daniel W. Christman	$ 85,000	$ 150,001	$ 0	$ 235,001
Edwin J. Gillis	$ 95,000	$ 150,001	$ 0	$ 245,001
Timothy E. Guertin	$ 90,000	$ 150,001	$ 0	$ 240,001
Mercedes Johnson	$ 70,000	$ 150,001	$ 0	$ 220,001
Paul J. Tufano	$ 70,000	$ 150,001	$ 0	$ 220,001
Roy A. Vallee	$ 125,000	$ 150,001	$ 0	$ 275,001

(1) The non-employee directors were compensated at the rate of $70,000 per year. Mr. Christman received an additional $15,000 as Chair of the Nominating and Corporate Governance Committee. Mr. Gillis received an additional $25,000 as Chair of the Audit Committee. Mr. Guertin received an additional $20,000 as Chair of the Compensation Committee. Mr. Vallee received an additional $55,000 as Chair of the Board.

(2) The amounts reported in the Stock Awards column represent the grant date fair value of the annual 2015 RSU awards calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions underlying this valuation, please see Note N to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for fiscal year 2015.

(3) As of December 31, 2015, each then serving non-employee director held 7,335 restricted stock units with an expected vesting date of May 10, 2016 and, other than Mr. Bradley, no options to purchase shares of the Company s common stock. Including the annual 2015 RSU award for non-employee directors, as of December 31, 2015, Mr. Bradley held an aggregate of 144,354 restricted stock units, an aggregate of 92,822 exercisable options, and an aggregate of 60,498 unexercisable options.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Teradyne s directors, executive officers and any person who owns more than 10% of Teradyne s common stock to file reports of initial common stock ownership and changes in common stock ownership with the SEC and the NYSE. Based solely on a review of these forms and written representations received from the directors and executive officers, Teradyne believes that all Section 16 filing requirements were met during the year January 1, 2015 through December 31, 2015.

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AUDIT AND FINANCIAL ACCOUNTING OVERSIGHT

Audit Committee Report

In 2016, the Audit Committee reviewed Teradyne s audited financial statements for the fiscal year ended December 31, 2015 and met with both management and PricewaterhouseCoopers LLP (PwC), Teradyne s independent registered public accounting firm, to discuss those financial statements.

The Audit Committee also reviewed the report of management contained in Teradyne s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC, as well as PwC s report included in Teradyne s Annual Report on Form 10-K related to its audit of (i) the consolidated financial statements and financial statement schedule and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with PwC the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (PCAOB). The Audit Committee has received the written disclosures and the letter from PwC required by the PCAOB regarding PwC s communications with the Audit Committee concerning independence, and has discussed with PwC their independence.

Based on these reviews and discussions with management and PricewaterhouseCoopers, the Audit Committee recommended to the Board (and the Board has approved) that Teradyne s audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

AUDIT COMMITTEE

Edwin J. Gillis (Chair)

Mercedes Johnson

Paul J. Tufano

The information contained in the report above shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the Securities Act) or the Exchange Act, except to the extent that Teradyne specifically incorporates it by reference in any such filing.

Principal Accountant Fees and Services

Fees for Services Provided by PricewaterhouseCoopers LLP

The following table sets forth the aggregate fees for services provided by PricewaterhouseCoopers LLP, Teradyne s independent registered public accounting firm, for the fiscal years ended December 31, 2015 and December 31, 2014.

	2015	2014
Audit Fees	$ 2,874,757	$ 2,573,959
Audit-Related Fees	404,778	33,882
Tax Fees	98,380	160,036
All Other Fees	170,983	1,800
Total:	$ 3,548,898	$ 2,769,677

Audit Fees

Audit Fees are fees related to professional services rendered for the audit of Teradyne s annual financial statements and internal control over financial reporting for fiscal years 2015 and 2014. These fees include the review of Teradyne s interim financial statements included in its quarterly reports on Form 10-Q and services that are normally provided by PricewaterhouseCoopers LLP in connection with other statutory and regulatory filings or engagements.

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Audit-Related Fees

Audit-Related Fees in 2015 were for professional services associated with acquisition due diligence and information technology security. In 2014, services were for professional services related to information technology security.

Tax Fees

Tax Fees in 2015 and 2014 were for professional services related to global tax planning and compliance matters.

All Other Fees

All Other Fees are fees for services other than audit fees, audit-related fees and tax fees. In 2015, the fees include an industry market study and a technical accounting software license. In 2014, the fees were related to a technical accounting software license.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

During 2015 and 2014, the Audit Committee pre-approved all audit and other services performed by PricewaterhouseCoopers LLP.

The Audit Committee s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm in order to ensure that the provision of such services does not impair the independent registered public accounting firm s independence. These services may include audit services, audit-related services, tax services and other services. In addition to generally pre-approving, on a case-by-case basis, services provided by the independent registered public accounting firm, the Audit Committee adopted a policy for the pre-approval of certain specified services that may be provided by the independent registered public accounting firm. Under this policy, the Audit Committee has pre-approved the independent registered public accounting firm s engagement for the provision of certain services set forth in a detailed list subject to a dollar limit of either $50,000 or $100,000, depending on the service. The services set forth on the list have been identified in a sufficient level of detail so that management will not be called upon to make a judgment as to whether a proposed service fits within the pre-approved service list. Pursuant to the policy, management informs the Audit Committee, at least annually or more frequently upon its request, if the Company uses any pre-approved service and the fees incurred in connection with that service.

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OWNERSHIP OF SECURITIES

The following table sets forth as of March 17, 2016 information relating to the beneficial ownership of Teradyne s common stock by each director and executive officer, individually and as a group.

Name	Amount and Nature of Ownership (1)(2)	Percent of Class
Gregory R. Beecher	194,605	*
Michael A. Bradley (3)	302,873	*
Daniel W. Christman	24,596	*
Edwin J. Gillis	97,782	*
Charles J. Gray	71,112	*
Timothy E. Guertin	42,224	*
Mark E. Jagiela	448,347	*
Mercedes Johnson	13,538	*
Bradford B. Robbins	54,158	*
Paul J. Tufano	91,625	*
Walter G. Vahey	73,092	*
Roy A. Vallee (4)	129,688	*
All executive officers and directors as a group (12 people consisting of 5 executive officers and 7 non-employee directors) (5)	1,543,640	0.76%

* less than 1%

(1) Unless otherwise indicated, the named person possesses sole voting and dispositive power with respect to the shares. The address for each named person is: c/o Teradyne, Inc., 600 Riverpark Drive, North Reading, Massachusetts 01864.

(2) Includes shares of common stock which have not been issued but which either (i) are subject to options which either are presently exercisable or will become exercisable within 60 days of March 17, 2016, (ii) are subject to restricted stock units which vest within 60 days of March 17, 2016, or (iii) with respect to certain non-employee directors, are issuable pursuant to the Teradyne Deferral Plan for Non-Employee Directors (the Deferral Plan) within 90 days of the date the non-employee director ceases to serve as such, as follows: Mr. Beecher, 60,683 shares; Mr. Bradley, 138,487 shares; Mr. Christman, 7,335 shares; Mr. Gillis, 23,714 shares (including 16,379 shares issuable pursuant to the Deferral Plan); Mr. Gray, 17,951 shares; Mr. Guertin, 31,903 shares (including 24,568 shares issuable pursuant to the Deferral Plan); Mr. Jagiela, 134,196 shares; Ms. Johnson, 7,335 shares; Mr. Robbins, 2,680 shares; Mr. Tufano, 7,335 shares; Mr. Vahey, 14,296 shares; Mr. Vallee, 49,973 shares (including 42,638 shares issuable pursuant to the Deferral Plan); all directors and executive officers as a group, 495,888 shares (including 83,585 shares issuable pursuant to the Deferral Plan).

(3) Includes 164,386 shares of common stock over which Mr. Bradley shares voting and dispositive power with his wife.

(4) Includes 79,715 shares of common stock held in a family trust for the benefit of Mr. Vallee and his wife.

(5) The group is comprised of Teradyne s executive officers and directors on March 17, 2016. Includes (i) an aggregate of 360,958 shares of common stock which the directors and executive officers as a group have the right to acquire by exercise of stock options within 60 days of March 17, 2016 granted under the stock plans, (ii) an aggregate of 51,345 shares of common stock which the directors and executive officers as a group will acquire by the vesting of restricted stock units within 60 days of March 17, 2016, and (iii) an aggregate of 83,585 shares of common stock issuable to non-employee directors pursuant to the Deferral Plan.

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The following table sets forth certain persons who, based upon Schedule 13G filings made since December 31, 2015, own beneficially more than five percent of Teradyne s common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (5)
BlackRock, Inc. (1) 55 East 52nd Street New York, New York 10022	18,424,343	9.0%
Baillie Gifford & Co. (2) Calton Square 1 Greenside Row Edinburgh EH1 3AN Scotland, UK	17,074,071	8.31%
Ameriprise Financial, Inc. (3) 145 Ameriprise Financial Center Minneapolis, MN 55474	14,417,994	7.02%
The Vanguard Group, Inc. (4) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	14,121,381	6.87%

(1) As set forth in Amendment No. 3 to a Schedule 13G, filed on February 10, 2016, BlackRock, Inc. had, as of December 31, 2015, sole dispositive power with respect to all of the shares and sole voting power with respect to 17,639,678 shares.

(2) As set forth in Amendment No. 1 to a Schedule 13G, filed on February 9, 2016, Baillie Gifford & Co. (Baillie Gifford) had, as of December 31, 2015, sole dispositive power with respect to all of the shares and sole voting power with respect to 14,372,566 shares.

(3) As set forth in Amendment No. 3 to a Schedule 13G, filed on February 12, 2016, Ameriprise Financial, Inc. (Ameriprise) had, as of December 31, 2015, shared dispositive power with respect to all of the shares and shared voting with respect to 14,282,265 shares. Ameriprise is the parent holding company of Columbia Management Investment Advisers, LLC (CMIA), which has shared dispositive power with respect to all of the shares and shared voting power with respect to 14,282,265 shares. CMIA has its principal business office at 225 Franklin St., Boston, MA 02110. CMIA is the investment adviser to Columbia Seligman Communications & Information Fund (Fund), which has sole voting power and shared dispositive power with respect to 10,572,277 shares. The Fund has its principal business office at 225 Franklin St., Boston, MA 02110.

(4) As set forth in Amendment No. 6 to a Schedule 13G, filed on February 10, 2016, The Vanguard Group, Inc. (Vanguard) had, as of December 31, 2015, sole dispositive power with respect to 13,972,687 shares, shared dispositive power with respect to 148,694 shares, sole voting power with respect to 149,694 shares, and shared voting power with respect to 11,800 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 136,894 shares as a result of its serving as an investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 24,600 shares as a result of its serving as investment manager of Australian investment offerings.

(5) Ownership percentages were obtained from Schedule 13G filings and reflect the number of shares of common stock held as of December 31, 2015.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information regarding the 2015 compensation of Teradyne s principal executive officer, our principal financial officer, and the three executive officers (other than Teradyne s principal executive officer and principal financial officer) who were the Company s most highly-compensated executive officers as of the end of 2015. These individuals were:

- Mark E. Jagiela, Chief Executive Officer;
- Gregory R. Beecher, Vice President, Chief Financial Officer, and Treasurer;
- Charles J. Gray, Vice President, General Counsel and Secretary;
- Bradford B. Robbins, President, Wireless Test Division; and
- Walter G. Vahey, President, System Test Group.

These executive officers were our named executive officers for 2015.

This Compensation Discussion and Analysis describes the material elements of Teradyne s executive compensation program during the fiscal year ended December 31, 2015. It also provides an overview of the Company s executive compensation philosophy, as well as the Company s principal compensation policies and practices. Finally, it analyzes how and why the Compensation Committee of the Board of Directors (the Compensation Committee) arrived at the specific compensation decisions for the Company s executive officers, including the named executive officers, in 2015, and discusses the key factors that the Compensation Committee considered in determining the compensation of these executive officers.

2015 Executive Compensation Summary

Teradyne is a leading global supplier of automation equipment for test and industrial applications. The Company designs, develops, manufactures and sells automatic test systems used to test semiconductors, wireless products, data storage and complex electronics systems in the consumer electronics, wireless, automotive, industrial, computing, communications and aerospace and defense industries. Teradyne s industrial automation products include collaborative robots used by global manufacturing and light industrial customers to improve quality and increase manufacturing efficiency. The automatic test equipment and industrial automation markets are highly competitive and are characterized by rapid changes in demand that necessitate adjusting operations and managing spending prudently across business cycles.

In 2015, the Company increased its profit rate before interest and taxes (PBIT[1]) from 2014 on similar revenue of $1.64 billion in a down-cycle year for the semiconductor test market. The Company achieved market share gains in its system-on-a-chip, memory and wireless test markets positioning the Company for sustained profitability and growth. During 2015, the Company continued to invest for long-term, future growth while maintaining financial discipline. The long-term growth initiatives included the acquisition in June of 2015 of Universal Robots A/S (Universal Robots), a leading supplier of collaborative robots which are low-cost, easy-to-deploy and simple-to-program, and that work side by side with production workers to improve quality and increase manufacturing efficiency. Collaborative robotics is a $100 million segment of the industrial robotics market growing at more than 50% per year. Additionally, in 2015, the Company returned $351 million to shareholders through its dividend and share repurchase programs. In January 2016, the Company announced it planned to repurchase up to $200 million in shares in 2016, the remaining balance of the $500 million repurchase program approved by the Board in January 2015. The dividend and repurchase programs reflect the Company s

[1] PBIT is a non-GAAP financial measure equal to GAAP income from operations less restructuring and other, net; amortization of acquired intangible assets; acquisition and divestiture related charges or credits; pension actuarial gains and losses; and other non-recurring gains and charges.

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confidence in the business and ability to return capital to its shareholders while retaining sufficient financial flexibility to pursue growth opportunities through internal investments and acquisitions such as Universal Robots.

The Company s 2015 performance-based variable cash compensation was tied both to its rate of profitability and to the achievement of strategic business goals, including market share gains, revenue goals, profit margin targets, strategic customer wins and new product launches. Teradyne s performance-based executive compensation program resulted in compensation for the Company s named executive officers that reflects the Company s exceptional financial results for 2015. Due to the Company s increased rate of profitability and achievement of market share and other strategic goals in 2015, executive officers received variable cash compensation payouts ranging from 154% to 195% of target.

The Board of Directors believes that the executive compensation for 2015 is reasonable and appropriate and is justified by the performance of the Company and its achievement of strategic goals.

The compensation of the executive officers over the last nine years demonstrates the alignment between pay and performance. The variable cash compensation for the named executive officers from 2010 to 2015 varied from 142% to 200% of target based on the strength of Company performance and contrasts to compensation received from 2007 to 2009 where executive officers received variable cash compensation well below target in a range from 39% to 74% based on Company performance as compared to target objectives.

- In 2007, 2008 and 2009, the executive officers received payouts well below their target variable cash compensation (74%, 45% and 39% of target, respectively) due to the severe industry downturn. Further, in 2009, the executive officers received base salary cuts as high as 20%, which were only restored late in the year when business improved.

- In 2010 and 2011, due to the Company s record profitability and achievement of strategic business goals, the executive officers received at or close to the maximum 200% of their target variable cash compensation payout.

- In 2012, 2013 and 2014, despite challenging market conditions, the Company maintained its industry-leading PBIT rate and continued to make investments in long-term growth. As a result, the variable cash compensation payout for the executive officers decreased to 153% in 2012, 142% in 2013, and 142% in 2014 reflecting strong results, but not as strong as in 2010 or 2011.

- In 2015, the Company increased its industry-leading PBIT rate to the highest level in 3 years, generated revenues of over $1.6 billion in a down-cycle year for the semiconductor test market and increased market share in its system-on-a-chip, memory and wireless test markets, while continuing to make investments in long-term growth. As a result, the variable cash compensation payout for Messrs. Jagiela, Beecher and Gray, which is calculated by applying a weighted averaging formula of the performance of all divisions, increased to 195% in 2015. The variable cash compensation payouts in 2015 were slightly less for Messrs. Vahey (154%) and Robbins (171%), as the formula for their payouts is divided equally between (a) the weighted average formula of the performance of all divisions (195%) and (b) the performance of their respective divisions (System Test for Mr. Vahey (113%) and Wireless Test for Mr. Robbins (148%)).

While the past nine years indicate that the program effectively rewards the executive officers when there is superior performance by the Company and appropriately adjusts compensation downward in the case of less-than-superior performance, the Board continues to review the executive compensation program and its mix of short- and long-term incentives to ensure it reflects the correct balance between short-term financial performance and long-term shareholder return.

For example, in January 2014, the Board changed the long-term performance criteria for performance-based restricted stock units to a relative total shareholder return formula. In January 2016, the Board further modified the long-term performance criteria for performance-based restricted stock units to include both a three-year

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relative total shareholder return component and a three-year cumulative PBIT component consistent with the Company s long-term goal to deliver industry-leading profitability and superior return to shareholders. In January 2016, the Board also approved changes to the performance-based variable cash compensation program. For 2016, a separate revenue growth metric has been added to the current PBIT rate metric and vital goals for the variable cash compensation program to reinforce the importance of achieving short- and long-term revenue growth, as well as industry-leading profitability.

Teradyne has instituted a variety of compensation policies and practices to foster and maintain best practices for executive compensation. The Compensation Committee reviews these practices on a regular basis. Teradyne s current policies and practices include the following:

- Significant director and executive officer stock ownership guidelines;
- Appropriate balance between short-term and long-term compensation to discourage short-term risk taking at the expense of long-term results;
- Multiple performance objectives used in the determination of variable cash compensation and performance-based stock awards removing incentives to focus solely on one performance goal;
- Engagement of an independent compensation consultant to advise the Compensation Committee on executive compensation matters;
- Executive officers change-in-control agreements contain a double trigger for acceleration of equity awards requiring a qualifying termination following a change-in-control;
- Recoupment of incentive compensation from executives for fraud resulting in financial restatement;
- Policy prohibiting executives and directors from pledging Teradyne common stock; and
- Policy prohibiting executives and directors from hedging Teradyne stock (through short selling or the use of financial instruments such as exchange funds, equity swaps, puts, calls, collars or other derivative instruments).

Executive Compensation Objectives

The objective of the executive compensation program is to provide a competitive level of compensation that:

1) aligns the interests of the executive officers with the shareholders;

2) links executive officer compensation closely to corporate performance;

3) motivates the executive officers to achieve the Company s short-term and long-term operating and financial goals without encouraging excessive or inappropriate risk; and

4) assists in attracting and retaining qualified executive officers.

In setting compensation levels for the executive officers (or in the case of the Chief Executive Officer, in making recommendations to the independent members of the Board), the Compensation Committee takes into account such factors as internal equity, competitive market data (drawn from peer company and survey information), benefits, individual and corporate performance and the general and industry-specific business environment, as well as the roles and responsibilities of each executive officer.

Role of the Compensation Committee

The Compensation Committee s role is to fulfill certain responsibilities of the Board relating to compensation for the executive officers, and to review and oversee the administration of equity-based incentives, profit sharing, deferred compensation, retirement and pension plans, and other compensatory plans. The Compensation Committee recommends to the independent members of the Board all aspects of the Chief Executive Officer s compensation and is also responsible for approving all aspects of the other executive

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officers   compensation. The Compensation Committee has the authority to select, retain and terminate compensation consultants, independent counsel and such other advisors as it determines necessary to carry out its responsibilities and approve the fees and other terms of retention of any such advisors.

Role of Executive Officers in Determining Executive Pay

The Chief Executive Officer makes individual compensation recommendations for the other executive officers to the Compensation Committee for its review, consideration and determination. The Compensation Committee s compensation consultant and members of the human resources department provide competitive market information for comparative purposes. The executive officers do not determine any element of their own compensation or their total compensation amount.

Competitive Positioning

To assure its compensation is competitive, Teradyne makes extensive use of comparative data for its worldwide employee programs and its executive officer compensation. This includes data gathered from surveys, compensation consultants and public filings.

For 2016, the Compensation Committee engaged the independent compensation consulting firm, Compensia, to develop a competitive analysis of Teradyne s peer companies as well as analyze executive pay packages and advise on the relationship of the Company s short-term and long-term performance on the pay packages. Compensia recommended to the Compensation Committee a peer group that reflects organizations of comparable size (revenue and market capitalization) and operations (product type and geographic scope) to Teradyne and that provides an appropriate sample size for comparisons. Compensia proposed, and the Compensation Committee reviewed and approved, a peer group that included the 17 companies listed below:

Teradyne Peer	Revenue Last 4 Quarters (as of 10/30/15) ($MM)		Market Capitalization (30-day average as of 10/30/15) ($MM)	
Altera	$	1,729	$	15,613
Atmel	$	1,257	$	3,458
Ciena	$	2,345	$	2,664
Fairchild Semiconductor	$	1,390	$	1,750
FEI	$	923	$	3,064
FLIR Systems	$	1,554	$	3,893
Itron	$	1,925	$	1,302
KLA-Tencor	$	2,814	$	8,562
Lam Research	$	5,707	$	10,767
National Instruments	$	1,224	$	3,614
Plantronics	$	855	$	1,855
Polycom	$	1,299	$	1,585
Skyworks Solutions	$	3,096	$	15,514
Trimble Navigation	$	2,295	$	4,516
Verifone Holdings	$	1,977	$	3,324
Viavi Solutions	$	1,709*	$	1,364
Zebra Technologies	$	2,883	$	4,001
Median	$	1,729	$	3,458
Teradyne	$	1,644	$	3,906

* Includes JDS Uniphase revenue prior to splitting into Viavi Solutions and Lumentum Holdings.

Compensia recommended that the Compensation Committee retain the peer group from 2015, with the exception of JDS Uniphase being replaced in the peer group by Viavi Solutions due to JDS Uniphase being split

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into Viavi Solutions and Lumentum Holdings, with Viavi Solutions consisting of the prior test and measurement business of JDS Uniphase and Lumentum Holdings consisting of the prior fiber optics component business and, accordingly, not added to Teradyne s peer group. At the time the peer group was approved, Teradyne remained close to the median of the peer group in terms of both revenue and market capitalization (41st and 63rd percentiles, respectively).

The Company augmented the peer group with data from the Radford Global Survey. From this survey, the Company used reported data for all semiconductor/semiconductor equipment companies as well as all technology companies between $750 million and $3 billion in annual revenue.

Executive Compensation Program

The Board has implemented an executive compensation program that fosters a performance-oriented environment by tying a significant portion of each executive officer s cash and equity compensation to the achievement of short-term and long-term performance targets that are important to the Company and its shareholders. The approach is designed to focus the executive officers on creating shareholder value over the long-term and on delivering exceptional performance throughout fluctuations in business cycles.

The following charts illustrate performance-based target compensation for the Chief Executive Officer and the other named executive officers (as a group) as a percentage of total target compensation for 2015.

Target Cash Compensation

Target cash compensation includes base salary and performance-based variable cash compensation. Base salary is designed to attract and retain talented executives and to provide a stable source of income. Variable cash compensation links the executive officer s cash compensation with the Company s annual and strategic performance objectives and motivates the executive officers to achieve Teradyne s financial, operating, and long-term growth goals.

Each January, the Compensation Committee sets target cash compensation for each executive officer, other than the Chief Executive Officer. The independent members of the Board set the target cash compensation for the Chief Executive Officer. The goal is that the target total cash compensation for each individual should be competitive with cash compensation of individuals holding similar roles and responsibilities as reflected by the peer group and survey data. The Committee and the Board also consider the performance of the Company relative to its peers, individual performance and the role and responsibilities of the executive officer.

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For 2016, the Compensation Committee set performance-based variable cash compensation for executive officers as a percentage of base salary with a range, at target, of 70% to 85% of base salary and the independent members of the Board set the target level for the Chief Executive Officer at 100% of base salary as set forth in the following table.

Executive Officer	2016 Variable Cash Compensation Target Percentage
Mark E. Jagiela	100%
Gregory R. Beecher	85%
Charles J. Gray	70%
Bradford B. Robbins	75%
Walter G. Vahey	75%

Executive variable cash compensation is capped at 200% of target to limit actual executive compensation for periods of exceptionally strong performance.

In January, the Compensation Committee also establishes the specific performance measures and formulas for the year s variable cash compensation program. For 2015, the performance-based variable cash compensation goals were determined by operating division and were based on: 1) a baseline formula for non-GAAP profit rate before interest and taxes or PBIT[2] percentage; and 2) measurable operating, financial and strategic goals which serve to either increase or decrease the outcome of the variable cash compensation payout baseline calculation. The performance-based variable cash compensation for the named executive officers is determined by a formula comprised of Company-wide PBIT percentage and the performance against key operating, financial and strategic goals by the Company s business divisions. The variable cash compensation for Messrs. Jagiela, Beecher and Gray is calculated by applying a weighted average formula of the performance of all divisions. The variable cash compensation formula for Messrs. Vahey and Robbins is divided equally between (a) the weighted average formula of the performance of all divisions and (b) the performance of their respective divisions (System Test for Mr. Vahey and Wireless Test for Mr. Robbins).

In January 2016, the Board approved changes to the performance-based variable cash compensation program to reinforce the importance of achieving short- and long-term revenue growth as well as industry-leading profitability. For 2016, the performance-based variable cash compensation goals are determined by operating division and are based on: 1) PBIT percentage; 2) two-year rolling revenue growth rate; and 3) measurable operating, financial and strategic goals. These components are aggregated in the variable cash compensation payout calculation and capped at 200% of target. In establishing the performance target levels for the financial performance measures, the Compensation Committee sets the PBIT percentage rate and the revenue growth rate at a level it believes to be appropriate for the businesses in which the Company operates, and sets other operating and financial goals based on the specific objectives of the Company for the year, as well as certain strategic objectives.

These operating, financial and strategic goals may include strategic customer wins, market share gains, gross margin and profitability goals, new product introductions, engineering project milestones, cost controls and growth targets the achievement of which positively impact the Company s long-term performance. Teradyne is not disclosing the specific performance target levels for these goals because they represent confidential, commercially sensitive information that Teradyne does not disclose to the public and it believes, if disclosed, would cause competitive harm. The target levels for such performance measures such as product development,

2 PBIT is a non-GAAP financial measure equal to GAAP income from operations less restructuring and other, net; amortization of acquired intangible assets; acquisition and divestiture related charges or credits; pension actuarial gains and losses; and other non-recurring gains and charges. This PBIT percentage metric used by the Compensation Committee in the variable cash compensation calculation is the same as the PBIT percentage reported by the Company in the financial statements accompanying its quarterly earnings releases.

market share, new product introductions, and margin goals for new and existing products are inherently competitive and, if disclosed, would provide valuable insight into specific customers, markets, and areas where Teradyne is focusing.

The Compensation Committee sets operating, financial and strategic goals for the variable cash compensation program to align executive compensation with both the Company s short-term financial and operating strategy and its long-term profitable growth strategy. In developing the variable cash compensation program, the Compensation Committee takes into account that these goals are difficult to achieve because they are heavily contingent upon multiple factors, including technological innovations, customer demand and the actions of competitors. The target levels for the measures to improve competitive positioning are challenging due to the strong competition within the Company s markets, while technical and engineering innovations make product development goals difficult to achieve in a fixed time frame. In 2015 and prior years, the operating, financial and strategic target levels increased or decreased the variable cash compensation payout up to 60%. For 2016, the Compensation Committee modified the program so that the revenue growth metric contributes 30% towards the model variable cash compensation payout with the PBIT metric contributing 40% and the operating, financial and strategic goals contributing 30%.

Following the close of each fiscal year, the variable cash pay-out is calculated and presented to the Compensation Committee for review. Based on the performance of the divisions, the Compensation Committee, or the independent members of the Board for the Chief Executive Officer, then determines the variable cash compensation for the named executive officers.

Equity Compensation

Equity compensation is designed to align executive compensation with shareholder return, motivate and reward individual and Company performance, and attract and retain talented individuals. Teradyne s equity compensation program provides two types of long-term incentives: (1) time-based awards which vest in equal amounts annually over four years conditioned upon continued service, supporting the Company s employee retention efforts; and (2) performance-based awards which reward the achievement of relative total shareholder return measured at the end of a three-year performance period. In January 2016, the Board modified the long-term performance criteria for performance-based restricted stock units to include equally the three-year relative total shareholder return component and a three-year cumulative PBIT component consistent with the Company s long-term goal to deliver industry-leading profitability and superior return to shareholders.

Equity awards are made under the shareholder approved 2006 Equity and Cash Compensation Incentive Plan. The awards granted to the executive officers are based upon each individual s relative contribution, performance, and responsibility within the organization. The Compensation Committee assesses these factors each year for each executive officer.

At the beginning of each year, the Compensation Committee approves an overall equity budget to be used for awards to the executive officers, employees and directors. Various factors are used in determining the annual equity award budget, including the total projected compensation expense to be incurred as a result of the equity awards, overhang from previously issued and outstanding awards, burn rates and competitive market data from the peer group and compensation surveys. The independent members of the Board determine the award type and level for the Chief Executive Officer and the Compensation Committee determines the award type and level for all other executive officers. Management approves equity awards for all other employees within the overall equity budget pursuant to a delegation of authority from the Compensation Committee.

Since 2006, the equity awards granted to the executive officers have been made in January in order to align the evaluation and award of the equity compensation to the end of the fiscal year. The fair market value for these awards is determined using the closing price on the date of grant as provided by the terms of Teradyne s equity plans. No employee equity awards are granted during blackout periods, except for new hire grants. New hire grants are automatically issued on the first trading day of the month following the employee s start date, in accordance with guidelines approved by the Compensation Committee.

Retirement Benefits

Retirement benefits are designed to attract and retain talented employees and reward long-term service to the Company. Retirement benefits provide a long-term savings opportunity for employees on a tax-efficient basis. In the U.S., the Company offers the Teradyne, Inc. Savings Plan (the 401k Plan). The 401k Plan is available to all employees and provides a discretionary employer matching contribution. Executive officers may participate in the 401k Plan on the same terms as those available for other eligible U.S. employees. For 2015, the Company matched $1 for every $1 contributed by the employee to the Company s 401k Plan and Supplemental Savings Plan (as defined below) up to 4% of the employee s compensation (subject to Internal Revenue Service limits) for employees not accruing benefits in the Retirement Plan or SERP (each as defined below), and no match for employees continuing to accrue benefits in the Retirement Plan or SERP.

The Company also maintains a non-qualified Teradyne, Inc. Supplemental Savings Plan (the Supplemental Savings Plan) for certain employees whose benefits would otherwise be capped at limits based on restrictions imposed by the Internal Revenue Service. For additional information regarding the Supplemental Savings Plan, see the Nonqualified Deferred Compensation Table.

Teradyne also provides a separate retirement plan, the Retirement Plan for Employees of Teradyne, Inc. (the Retirement Plan). In 1999, this plan was discontinued for new employees, but participating employees were given the option to elect to continue in the plan or opt out of the plan in order to receive a higher employer match in the 401k Plan. Commencing in 2009, employees who continued in the separate Retirement Plan have received no 401k employer match. No named executive officer is currently earning benefits under the Retirement Plan.

The Company also maintains a defined benefit Supplemental Executive Retirement Plan (SERP) for certain senior employees. For additional information, see the Pension Benefits Table. Mr. Robbins is the only named executive officer earning benefits under the SERP.

The Compensation Committee considers the expense of the executive officers retirement benefits in determining their overall compensation.

Chief Executive Officer Separation Agreement

Upon his appointment as Chief Executive Officer, Mr. Jagiela entered into an Agreement Regarding Termination Benefits (Separation Agreement). The term of this Separation Agreement, entered into on January 22, 2014, is three years, and extends for additional one-year periods unless Teradyne gives notice of non-renewal to Mr. Jagiela. The Separation Agreement contains a three-year, post-employment customer and employee non-hire and non-solicitation restriction and a three-year, post-employment non-competition restriction. In consideration of these restrictions, Mr. Jagiela is eligible to receive severance payments for two years at his annual target compensation rate and continued vesting of non-performance based equity awards for two years and of performance-based equity awards for three years following his termination by Teradyne for any reason other than death, disability or cause, each as defined in the Separation Agreement, or in a circumstance in which Mr. Jagiela would be eligible to payments pursuant to his Change in Control Agreement. During the two-year post-employment period, Mr. Jagiela is also eligible for ongoing health, dental and vision insurance plan coverage, provided on the same terms as those in effect at the date of his termination. If Teradyne terminates Mr. Jagiela s employment due to his disability and Mr. Jagiela is not eligible to receive payments pursuant to his Change in Control Agreement, he is eligible for a two-year severance payment to the extent he is not eligible to receive disability insurance, which payment is reduced by any compensation Mr. Jagiela receives from other employment.

Change in Control Agreements

The Compensation Committee and the Board have approved a change in control agreement for each executive officer similar to those offered by most peer companies. The independent members of the Board also

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have approved an Agreement Regarding Termination Benefits with the Chief Executive Officer. The structure and design of these agreements, including the level of payments and benefits provided to the executive officers under the agreements, are intended to be similar to those provided by peer companies.

The change in control agreements provide a retention tool for the executive officers to remain with the Company both during and following the change in control transaction and enable the executive officers to focus on the continuing business operations and the success of a potential business combination that the Board has determined to be in the best interests of the shareholders. This results in stability and continuity of operations during a potentially uncertain time.

Other Benefits

To attract and retain highly qualified employees, the Company offers benefit programs designed to be competitive in each country in which the Company operates. All U.S. employees and executive officers participate in similar healthcare, life and disability insurance, and other welfare programs.

To offer most employees an opportunity to acquire an equity interest in Teradyne, the Company offers an Employee Stock Purchase Plan. This plan allows participating employees to purchase shares of common stock through regular payroll deductions of up to 10% of their annual compensation, to a maximum of $25,000 per calendar year, not to exceed 6,000 shares. The purchase price is an amount equal to 85% of the fair market value of the common stock on the last business day of the purchase period. Each purchase period is a six month period beginning in January or July and ending in June or December, respectively. Over fifty percent of world-wide employees, including certain executive officers, currently participate in the plan.

Teradyne s Cash Profit Sharing Plan distributes 10% of Teradyne s GAAP pre-tax profit (excluding its Wireless Test Division acquired in 2011, the Avionics Interface Technologies business acquired in 2014, and its Industrial Automation Division acquired in 2015) to all eligible employees, as determined by the Compensation Committee, including executive officers. Plan payments are distributed as a consistent percentage of target cash compensation for all participants twice per year subject to any restrictions or exceptions approved by the Compensation Committee.

Stock Ownership Guidelines

The Company maintains stock retention and stock ownership guidelines to align the interests of the executive officers with those of the shareholders and ensure that the executive officers responsible for overseeing operations have an ongoing financial stake in the Company s success.

Pursuant to these guidelines, the Chief Executive Officer is expected to attain and maintain an investment level in shares of the Company s common stock equal to three times his annual base salary and all other executive officers are expected to attain and maintain an investment level equal to two times their annual base salary. In each case, such investment levels are expected to be attained within five years from the date upon which the individual becomes subject to the guidelines. Until this ownership guideline is met, the executive officers are expected to retain at least 50% of the shares issued pursuant to an equity award, after taxes.

Shares subject to the stock ownership guidelines do not include any pledged Company stock. The Company maintains a policy prohibiting executives and directors from pledging Teradyne stock.

During the year, the executive officers complied with the stock ownership guidelines, and at year end, all executive officers were at or above the stock ownership guideline levels.

Compensation Recoupment Policy

A compensation recoupment policy is applicable to all the executive officers. Under this policy, the Company may recover incentive compensation that was based on achievement of financial results that were subsequently restated if an executive officer was found to be personally responsible for any fraud or intentional misconduct that caused the restatement. This policy covers variable cash compensation and performance-based equity awards. The Board will review the Company s compensation recoupment policy following the adoption of regulations by the Securities and Exchange Commission implementing Section 954 of the Dodd-Frank Act.

Impact of Accounting and Tax Treatment on Executive Compensation

In general, under Section 162(m) of the Internal Revenue Code of 1986 (the Code), companies cannot deduct, for federal income tax purposes, compensation in excess of $1 million paid to certain executive officers (the Chief Executive Officer and each of the three other most highly-compensated executive officers (other than its chief financial officer)). This deduction limitation does not apply, however, to compensation that constitutes qualified performance-based compensation within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder. Teradyne received shareholder approval on May 25, 2006 for the 2006 Equity and Cash Compensation Incentive Plan to grant equity awards that may satisfy the requirements for qualified performance-based compensation. In May 2008, the shareholders approved an amendment to the plan that limits the amount of variable cash compensation to be paid to any plan participant in any fiscal year to $3 million, allowing compliant cash awards made under the plan to be qualified performance-based compensation, and for such cash awards in excess of $1 million in any fiscal year to be deductible for tax purposes under Section 162(m) of the Code. In each of May 2011 and May 2015, the shareholders re-approved the material terms of the performance goals under the plan to enable the entire amount of qualified performance-based compensation paid to certain executive officers to be exempt from the $1 million deduction limit that would otherwise apply. While the Compensation Committee monitors compensation paid to our executive officers in light of the provisions of Section 162(m) of the Code, the Compensation Committee does not believe that compensation decisions should be constrained necessarily by how much compensation is deductible for federal tax purposes, and the Compensation Committee is not limited to paying compensation that is qualified performance-based compensation under Section 162(m) of the Code.

2015 Executive Compensation

In January 2015, the Compensation Committee reviewed the performance of the named executive officers during 2014 and conducted its annual assessment of executive compensation. In addition to the executive officer s performance during 2014, the Compensation Committee considered competitive market data provided by Compensia, its independent executive compensation consultant, in setting executive compensation for 2015.

2015 Target Cash Compensation

To align cash compensation with the competitive market, the Compensation Committee, and the independent members of the Board in the case of the Chief Executive Officer, approved increases in the 2015 base salaries and target cash compensation for the named executive officers. The 2014 and 2015 base salaries and target cash compensation are set forth below:

	Base Salary		**Target Cash Compensation**	
	2014	**2015**	**2014**	**2015**
Mark E. Jagiela	$ 625,000	$ 730,660	$ 1,250,000	$ 1,461,321
Gregory R. Beecher	479,251	485,000	838,689	873,000
Charles J. Gray	359,598	365,000	593,337	620,500
Bradford B. Robbins	316,200	322,400	541,880	564,200
Walter G. Vahey	300,000	310,000	525,000	542,500

The performance-based variable cash compensation in 2015 was determined as follows:

1) a 15% target for company-wide PBIT measured as a percentage of revenue; and

2) performance against key operating, financial and strategic goals by each business division (other than the Industrial Automation Division).

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This was the same structure used in 2014, other than a decrease in the company-wide PBIT percentage target from 16% to 15%. The Compensation Committee had increased the company-wide PBIT percentage target rate between 2012 and 2014 from 11.1% to 16%. However, the Compensation Committee decreased the company-wide PBIT percentage target rate in 2015 (from 16% to 15%) to reflect the level of profitability it believed to be appropriate for the mix of businesses in which the Company operated in 2015. After determining performance against the PBIT target, the Compensation Committee determines performance against the 2015 operating, financial and strategic goals which could increase or decrease the variable cash compensation payout by up to 60%. The operating, financial and strategic goals for 2015 included market share gains, profit margin targets, revenue and bookings targets, market penetration with new products and product development milestones in the Company s various business units. The maximum variable cash compensation payout for the named executive officers was 200% of the target amount.

The variable cash compensation for Messrs. Jagiela, Beecher and Gray is calculated by applying a weighted average formula of the performance of all divisions. The variable cash compensation formula for Messrs. Vahey and Robbins is split equally between (a) the weighted average formula of the performance of all divisions and (b) the performance of their respective divisions (System Test for Mr. Vahey and Wireless Test for Mr. Robbins).

In January 2016, the Compensation Committee reviewed the Company s performance against its 2015 performance-based variable cash compensation targets. The divisions performances varied from 70% to 200% of target. The variable cash compensation payout for the Semiconductor Test Division, which historically accounts for approximately 70-80% of Teradyne s revenue and a commensurate portion of the variable cash compensation calculation for the executive officers, exceeded its PBIT percentage target which positively impacted the calculation. Once the performance of the divisions was determined, the payout for the named executive officers was calculated by applying a weighted averaging formula of the performance of all divisions.

The Compensation Committee, and the independent members of the Board in the case of the Chief Executive Officer, approved for 2015 (1) a 195% payout of target variable cash compensation for Messrs. Jagiela, Beecher and Gray, (2) a 171% payout of target for Mr. Robbins, and (3) a 154% payout of target for Mr. Vahey. Due to the different variable compensation factors for each executive officer, total cash compensation paid was between 23% and 48% above target, depending on the named executive officer.

The three-, five-, and ten-year moving average variable cash compensation payouts have been 160%, 166%, and 131%, respectively, of the target amount with a range of 39% to 200% for individual years within the ten year period. The payout amounts of 2015 performance-based variable cash compensation for each named executive officer can be found under the column Non-Equity Incentive Plan Compensation in the Summary Compensation Table.

2015 Equity Awards

In January 2015, the Compensation Committee, and the independent members of the Board in the case of the Chief Executive Officer, approved the 2015 equity awards for the named executive officers. The Compensation Committee and the independent members of the Board continued to award RSUs and stock options for the 2015 equity grant with the same mix of time-based RSUs (40%), performance-based RSUs (50%), and non-qualified stock options (10%) as in 2014.

For the 2015 performance-based RSUs, the Compensation Committee established a relative total shareholder return (TSR) formula measured at the end of a three-year performance period (using a 45-day price averaging method at both the beginning and the end of the three-year performance period). For this 2015 grant, Teradyne s TSR performance is measured against the Philadelphia Semiconductor Index (ticker symbol: SOX) which consists of 30 companies in the semiconductor device and capital equipment industries. The TSR-based equity awards align the interests of executive officers with the interests of shareholders and provide a significant incentive for the executive officers to focus on increasing long-term shareholder value. Teradyne s TSR percentage point gain minus that of the SOX at the end of the three-year period will determine the number of performance-based RSUs earned. The TSR measurement allows for payment from 0% to 200% based on underperforming or exceeding the SOX s three-year return. A target or 100% payout contributes to total executive compensation reflective of the market compensation data of Teradyne s peer companies. As a result, achievement of median TSR performance results in a target payout consistent with market compensation. TSR under-performance results in below market compensation and TSR over-performance results in above market compensation. The number of performance-based RSUs (PRSU) that may be paid out based on relative TSR performance is illustrated below:

The final number of performance-based RSUs awarded will be determined by the Compensation Committee and the independent members of the Board upon the completion of the three-year performance period. All of the performance-based RSUs earned will vest at the end of the three-year performance period. No performance-based RSUs will vest if the named executive officer is no longer an employee at the end of the three-year period; provided, however, if the named executive officer s employment ends prior to the determination of the performance percentage due to (1) permanent disability or death or (2) retirement or termination other than for cause, after attaining both at least age sixty and at least ten years of service, then the named executive officer s performance-based RSUs (based on the actual performance percentage achieved on the determination date) will vest on the date the performance percentage is determined.

To maintain a competitive equity compensation level relative to the competitive market, the 2015 equity award values at target for named executive officers (other than Mr. Robbins who was promoted to an executive officer during 2014) were increased from the 2014 equity award values at target. Mr. Jagiela s 2015 equity award at target increased 16.9%, and the awards at target for Messrs. Beecher, Vahey and Gray were increased 4.7%, 4.4%, and 3.0% (in each case, for purposes of restricted stock units, based on the stock price on the date of grant), respectively.

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The specific number of RSUs was calculated based upon the closing market price of the Company s common stock on the grant date and the specific number of options was calculated based upon the Black-Scholes grant date fair value. The table below sets forth the grant date equity values of the 2015 time-based RSUs, performance-based RSUs and stock options for each named executive officer.

Name of Executive Officer	Number of Time-based RSUs (#)	Number of Performance-based RSUs at Target (#)	Number of Stock Options (#)	Value of Time-based RSUs ($)	Value of Performance-based RSUs at Target (1)($)	Value of Stock Options ($)	Total Equity Value ($)
Mark E. Jagiela	64,575	80,719	65,960	$ 1,168,808	$ 1,469,893	$ 292,203	$ 2,930,904
Gregory R. Beecher	30,940	37,293	30,475	$ 560,014	$ 679,106	$ 135,004	$ 1,374,124
Charles J. Gray	14,255	17,818	14,560	$ 258,016	$ 324,466	$ 64,501	$ 646,983
Bradford B. Robbins	10,498	13,122	10,723	$ 190,014	$ 238,952	$ 47,503	$ 476,469
Walter G. Vahey	10,498	13,122	10,723	$ 190,014	$ 238,952	$ 47,503	$ 476,469

(1) The values shown above for the performance-based RSUs are based on the stochastic Monte Carlo simulation method rather than on the stock price on the date of grant. However, the Compensation Committee decided to continue to use the stock price on the date of grant method as its calculation of the value of the grant for purposes of comparison with the equity values for peer companies and with prior year equity values for the named executive officers. Compared to the Monte Carlo simulation method, the methodology used by the Compensation Committee creates less than a 1% lower valuation for performance-based RSUs and less than a 1% lower valuation for all equity.

The grant date for the 2015 equity awards approved by the Compensation Committee was January 30, 2015. The 2015 time-based RSU grants for all employees, including named executive officers, vest in equal amounts annually over four years, commencing on the first anniversary of the grant. The performance-based RSUs for 2015 vest on the third anniversary of the grant date with the number of performance-based RSUs that vest based upon the determination of Teradyne s TSR performance relative to the SOX as described above. The stock option grants vest in equal amounts annually over four years, commencing on the first anniversary of the grant date, and have a term of seven years from the date of grant.

The number of performance-based RSUs granted is disclosed in the Grants of Plan Based Awards Table and the value of the performance-based shares granted for each named executive officer is disclosed in the footnotes to the column Stock Awards in the Summary Compensation Table.

2016 Executive Compensation

From November 2015 to January 2016, the Compensation Committee conducted its annual assessment of executive compensation. The Compensation Committee evaluated the performance of the named executive officers during 2015 and concluded that the Company had:

- Achieved revenue of $1.64 billion in a down-cycle year for the semiconductor test market;
- Increased its profitability from 2014;
- Achieved market share gains in its principal markets, including SOC, memory and wireless test;
- Performed significantly better than its semiconductor test competitors while continuing to invest for long-term future growth;
- Returned $351 million to shareholders through its quarterly dividend and share repurchase programs; and

Completed the acquisition of Universal Robots to establish a growth platform in the industrial automation market.

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In addition to evaluating the Company s performance during 2015, the Compensation Committee directed its independent executive compensation consultant, Compensia, to assess executive compensation for 2016 using the compensation peer group and the Radford survey data. The Compensation Committee also took into account the positive results of the shareholder advisory vote on executive compensation by continuing to focus on performance-based compensation.

2016 Target Cash Compensation

The Compensation Committee, and the independent members of the Board in the case of the Chief Executive Officer, approved increases in the 2016 base salaries and target cash compensation for certain of the named executive officers to align cash compensation with the industry and the competitive market. The 2015 and 2016 base salaries and target cash compensation for the named executive officers are set forth below:

	Base Salary		Target Cash Compensation	
	2015	**2016**	**2015**	**2016**
Mark E. Jagiela	$ 730,660	$ 821,000	$ 1,461,321	$ 1,642,000
Gregory R. Beecher	485,000	485,000	873,000	897,250
Charles J. Gray	365,000	370,000	620,500	629,000
Bradford B. Robbins	322,400	330,000	564,200	577,500
Walter G. Vahey	310,000	310,000	542,500	542,500

The independent members of the Board increased Mr. Jagiela s base salary by 12.4% and retained his performance-based variable cash compensation target at 100% of his annual base salary. The Compensation Committee increased the base salaries of Messrs. Beecher, Gray, Robbins, and Vahey by 0%, 1.4%, 2.4% and 0%, respectively. The Compensation Committee increased the performance-based variable cash compensation target for Mr. Beecher from 80% to 85% of his annual base salary. Messrs. Vahey and Robbins retained their performance-based variable cash compensation target at 75% of their respective annual base salaries and Mr. Gray retained his target at 70%.

In January 2016, the Board approved changes to the performance-based variable cash compensation program to reinforce the importance of achieving short- and long-term revenue growth as well as industry-leading profitability. For 2016, the performance-based variable cash compensation goals are determined by operating division and are based on: 1) PBIT percentage; 2) two-year rolling revenue growth rate and 3) measurable operating, financial and strategic goals. These components are aggregated in the variable cash compensation payout calculation with the revenue growth metric contributing 30%, the PBIT metric contributing 40% and the strategic goals contributing 30%. The maximum variable cash compensation payout for the named executive officers remains 200% of the target amount. Achievement of a PBIT rate above 15% and of a revenue growth rate above 3% are necessary to result in payments above target for those metrics. Achievement of a 25% PBIT rate and a 10% revenue growth rate result in maximum payout of 200% of target for those metrics. The variable cash compensation for Messrs. Jagiela, Beecher and Gray is calculated by applying a weighted averaging formula of the performance of all divisions. The variable cash compensation formula for Messrs. Vahey and Robbins is split equally between (a) the weighted average formula of the performance of all divisions and (b) the performance of their respective divisions (System Test for Mr. Vahey and Wireless Test for Mr. Robbins).

The operating, financial and strategic goals for 2016 include market share gains, profit margin targets, bookings targets, market penetration with new products and product development milestones in the Company s various business units. The Compensation Committee believes these business and financial objectives effectively balance short-term profitability with long-term investment and growth.

2016 Equity Award

In January 2016, the Compensation Committee, and the independent members of the Board in the case of the Chief Executive Officer, approved equity awards for the named executive officers. The Compensation

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Committee and independent members of the Board retained the same mix of time-based RSUs (40%), performance-based RSUs (50%) and non-qualified stock options (10%) as used in the 2015 equity awards for the 2016 equity awards.

For 2016, the Compensation Committee changed the performance metrics for the performance-based RSUs to be split equally between (1) a relative total shareholder return (TSR) formula measured at the end of a three-year performance period (using a 45-day price averaging method at both the beginning and the end of the three-year performance period) and (2) a three-year cumulative PBIT rate. The Compensation Committee chose the Company s relative TSR performance and a cumulative PBIT rate as the equal measures for performance-based RSUs consistent with the Company s long-term goal to deliver industry-leading profitability and superior return to shareholders. The TSR-based metric will continue to align the interests of executive officers with the interests of shareholders and provide a significant incentive for the executive officers to focus on increasing long-term shareholder value, while the PBIT-based metric will provide an incentive to maintain a high level of profitability over the long-term.

For the 2016 performance-based RSUs, Teradyne s TSR performance will be measured against the NYSE Composite Index (ticker symbol: NYA) which consists of over 1,900 companies listed on the New York Stock Exchange. Following a review of alternative comparator indices and peer groups, and with input from Compensia, the Compensation Committee changed the TSR index from the Philadelphia Semiconductor Index (ticker symbol: SOX) to the NYA Index because the Committee determined that a comparison against the NYA Index provides a better indicator of Teradyne s performance than the SOX Index. The NYA Index represents a broad, diverse group of high quality investment alternatives, while the SOX Index is a weighted, specialized index dominated by semiconductor device manufacturers. Teradyne has become an increasingly diverse company expanding beyond its traditional semiconductor test business with the additions of storage and wireless test businesses as well as the 2015 acquisition of Universal Robots which established Teradyne s industrial automation business. The Compensation Committee concluded that the more diverse NYA Index is a more appropriate benchmark for Teradyne than the narrower SOX Index. Teradyne s TSR percentage point gain minus that of the NYA Index at the end of the three-year period will determine the number of performance-based RSUs earned. The TSR measurement allows for payment from 0% to 200% based on underperforming or exceeding the NYA Index s three-year return.

The PBIT performance has a three-year cumulative target of 15% with a maximum of 25%. The PBIT measurement allows for payment from 0% to 200% based on cumulative three-year PBIT rate.

The number of performance-based RSUs (PRSU) that may be paid out based on relative TSR performance and PBIT rate are each illustrated below:

The final number of performance-based RSUs awarded will be determined by the Compensation Committee and the independent members of the Board, as applicable, upon the completion of the three-year performance period. All of the performance-based RSUs earned will vest at the end of the three-year performance period. No performance-based RSUs will vest if the named executive officer is no longer an employee at the end of the

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three-year period; provided, however, if the named executive officer s employment ends prior to the determination of the performance percentage due to (1) permanent disability or death or (2) retirement or termination other than for cause, after attaining both at least age sixty and at least ten years of service, then the named executive officer s performance-based RSUs (based on the actual performance percentage achieved on the determination date) will vest on the date the performance percentage is determined.

To maintain a competitive equity compensation level relative to the competitive market, the 2016 equity award values at target for the named executive officers were increased from the 2015 equity award values at target. Mr. Jagiela s 2016 equity award increased 12.4%, and the awards for Messrs. Beecher, Gray, Robbins, and Vahey were increased 5.1%, 8.5%, 5.3%,and 7.4% (in each case, for purposes of restricted stock units, based on the stock price on the date of grant), respectively.

The specific number of RSUs was calculated based upon the closing market price of the Company s common stock on the grant date and the specific number of options was calculated based upon the Black-Scholes grant date fair value. The table below sets forth the grant date equity values of the 2016 time-based RSUs, performance-based RSUs and stock options for each named executive officer.

Name of Executive Officer	Number of Time-based RSUs (#)	Number of Performance-based RSUs at Target (#)	Number of Stock Options (#)	Value of Time-based RSUs ($)	Value of Performance-based RSUs at Target (1)($)	Value of Stock Options ($)	Total Equity Value ($)
Mark E. Jagiela	67,628	84,535	61,982	$ 1,314,012	$ 1,678,865	$ 328,505	$ 3,321,382
Gregory R. Beecher	29,645	37,057	27,170	$ 576,002	$ 735,952	$ 144,001	$ 1,455,955
Charles J. Gray	14,411	18,014	13,208	$ 280,006	$ 357,758	$ 70,002	$ 707,766
Bradford B. Robbins	10,294	12,867	9,434	$ 200,012	$ 255,538	$ 50,000	$ 505,550
Walter G. Vahey	10,500	13,125	9,623	$ 204,015	$ 260,662	$ 51,002	$ 515,679

(1) The values shown for the performance-based RSUs are based on (i) the stochastic Monte Carlo simulation method for 50% of the performance-based RSUs with a three-year TSR performance metric and (ii) the stock price on the date of grant for 50% of the performance-based RSUs with a three-year PBIT rate metric. However, the Compensation Committee decided to continue to use the stock price on the date of grant methodology as its calculation of the value of the awards for purposes of comparison with the equity values for peer companies and with prior year equity values for the named executive officers. The methodology used by the Compensation Committee creates a 4% lower valuation for the performance-based RSUs with a three-year TSR target and less than a 1% lower valuation for all equity.

The grant date for the 2016 equity grants approved by the Compensation Committee was January 29, 2016. The time-based RSU awards for all employees, including named executive officers, vest in equal amounts annually over four years, commencing on the first anniversary of the date of grant. The performance-based RSUs for 2016 vest on the third anniversary of the grant date with (a) the number of performance-based RSUs that vest based upon the determination of Teradyne s three-year TSR performance relative to the NYA Index and (b) the number of performance-based RSUs that vest based on three-year cumulative PBIT, in each case, as described above. The stock options vest in equal amounts annually over four years, commencing on the first anniversary of the date of grant, and have a term of seven years from the date of grant.

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Compensation Committee Report

The Compensation Discussion and Analysis has been reviewed with management. Based on the review and discussion with management, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in Teradyne s Annual Report on Form 10-K for the year ended December 31, 2015.

COMPENSATION COMMITTEE

Timothy E. Guertin (Chair)

Daniel W. Christman

Roy A. Vallee

The information contained in the report above shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the Securities Act) or the Exchange Act, except to the extent that Teradyne specifically incorporates it by reference in any such filing.

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Executive Compensation Tables

Summary Compensation Table for 2015

The table below summarizes the total compensation paid or earned by each of the named executive officers during the fiscal years ended December 31, 2015, 2014, and 2013.

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	Non-Equity Incentive Plan Compensation (5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (6)	All Other Compensation (7)	Total
Mark E. Jagiela (8)	2015	$ 730,660	$ 172,640	$ 2,638,701	$ 292,203	$ 1,424,788	$ (8,771)	$ 12,916	$ 5,263,137
Chief Executive Officer	2014	$ 625,000	$ 114,038	$ 2,439,234	$ 250,004	$ 887,500	$ 83,659	$ 12,589	$ 4,412,024
	2013	$ 500,000	$ 64,410	$ 1,240,012	$ 310,005	$ 710,000	$ (28,808)	$ 12,221	$ 2,807,840
Gregory R. Beecher	2015	$ 485,000	$ 103,136	$ 1,239,120	$ 135,004	$ 756,600	$	$ 50,194	$ 2,769,054
Vice President, Chief Financial	2014	$ 479,251	$ 76,514	$ 1,276,718	$ 130,854	$ 510,402	$	$ 43,231	$ 2,516,970
Officer & Treasurer	2013	$ 450,000	$ 50,273	$ 960,016	$ 240,001	$ 479,250	$	$ 38,966	$ 2,218,506
Charles J. Gray	2015	$ 365,000	$ 73,306	$ 582,482	$ 64,501	$ 498,225	$	$ 13,623	$ 1,597,137
Vice President, General	2014	$ 359,598	$ 54,130	$ 610,856	$ 62,608	$ 331,909	$	$ 13,163	$ 1,432,264
Counsel & Secretary	2013	$ 337,813	$ 36,665	$ 460,004	$ 115,004	$ 318,435	$	$ 13,177	$ 1,281,098
Bradford B. Robbins	2015	$ 322,400	$	$ 428,966	$ 47,503	$ 412,490	$ 141,961	$ 2,517	$ 1,355,837
President, Wireless Test Division	2014	$ 316,200	$	$ 460,012	$	$ 108,642	$ 788,656	$ 2,274	$ 1,675,784
Walter G. Vahey	2015	$ 310,000	$ 64,091	$ 428,966	$ 47,503	$ 358,050	$	$ 12,673	$ 1,221,283
President, System Test Group	2014	$ 300,000	$ 47,896	$ 443,941	$ 45,501	$ 319,500	$	$ 12,267	$ 1,169,105
	2013	$ 300,000	$ 33,815	$ 364,022	$ 91,003	$ 319,500	$	$ 11,523	$ 1,119,863

(1) The amounts reported in the Salary column represent the annual base salary for each named executive officer, which is paid monthly.
(2) The amounts reported in the Bonus column represent amounts earned under the Cash Profit Sharing Plan.
(3) The amounts reported in the Stock Awards column represent the fair value of the time-based and performance-based RSU awards on the date of grant calculated in accordance with FASB ASC Topic 718. Performance-based RSUs are valued at the grant date based upon the probable outcome of the related performance conditions. Therefore, the amounts reported in the Stock Awards column do not reflect the amount of compensation actually received by the named executive officer during the fiscal year. The maximum value of these performance-based RSUs, assuming the highest level of performance conditions is achieved, is as follows for 2015, 2014, and 2013, respectively: Mr. Jagiela: $2,939,786, $2,878,432, and $1,240,012; Mr. Beecher: $1,358,212, $1,506,610, and $960,016; Mr. Gray: $648,932, $720,832, and $460,004; Mr. Robbins: $477,904, N/A, and N/A; and Mr. Vahey: $477,904, $523,880, and $364,022. The final number of performance-based RSUs awarded in 2014 and 2015 will be determined by the Compensation Committee and the independent members of the Board upon the completion of the respective three-year performance period pursuant to the TSR formula described above in 2015 Equity Awards . Based on the achievement against the performance conditions, the actual value of the performance-based RSUs awarded in 2013 is as follows: Mr. Jagiela: $1,240,012; Mr. Beecher: $960,016; Mr. Gray: $460,004; Mr. Robbins: N/A; and Mr. Vahey: $364,022. For a discussion of the assumptions underlying this valuation, please see Note N to the Consolidated Financial Statements included in the Annual Report on Form 10-K for fiscal year 2015.
(4) The amounts reported in the Option Awards column represent the fair value of the award on the date of grant calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions underlying this valuation, please see Note N to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for fiscal year 2015.
(5)

The amounts reported in the Non-Equity Incentive Plan Compensation column represent amounts earned under the variable cash compensation program for services performed.

(6) The amounts reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column represent the present value of pension benefits accrued. See also the disclosure below in Retirement and Post-Employment Tables . Not included in this column are earnings on the Supplemental Saving Plan in which certain of the named executive officers

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participate, as earnings and losses under that plan are determined in the same manner and at the same rate as externally managed investments. See the Nonqualified Deferred Compensation Table for 2015 .

(7) The amounts reported in the All Other Compensation column represent the following amounts for 2015 for the named executive officers:

	Company Contributions to Defined Contribution Plans	Value of Life Insurance Premiums	Total-All Other Compensation
Mark E. Jagiela	$ 10,600	$ 2,316	$ 12,916
Gregory R. Beecher	43,623	6,571	50,194
Charles J. Gray	10,600	3,023	13,623
Bradford B. Robbins		2,517	2,517
Walter G. Vahey	10,600	2,073	12,673

(8) Mr. Jagiela was promoted to Chief Executive Officer of the Company effective February 1, 2014.

Grants of Plan-Based Awards Table for 2015

The following table sets forth information concerning plan-based awards to the named executive officers during the fiscal year ended December 31, 2015.

			Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards						
	Grant Date	Type of Award (1)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
Mark E. Jagiela	1/1/2015	VC(2)	$	$ 730,660	$ 1,461,321							
	1/30/2015	PRSU(3)	$	$	$		80,719	161,438				$ 1,469,893
	1/30/2015	RSU(4)	$	$	$				64,575			$ 1,168,808
	1/30/2015	SO(5)	$	$	$					65,960	$ 18.10	$ 292,203
Gregory R. Beecher	1/1/2015	VC(2)	$	$ 388,000	$ 776,000							
	1/30/2015	PRSU(3)	$	$	$		37,293	74,586				$ 679,106
	1/30/2015	RSU(4)	$	$	$				30,940			$ 560,014
	1/30/2015	SO(5)	$	$	$					30,475	$ 18.10	$ 135,004
Charles J. Gray	1/1/2015	VC(2)	$	$ 255,500	$ 511,000							
	1/30/2015	PRSU(3)	$	$	$		17,818	35,636				$ 324,466
	1/30/2015	RSU(4)	$	$	$				14,255			$ 258,016
	1/30/2015	SO(5)	$	$	$					14,560	$ 18.10	$ 64,501
Bradford B. Robbins	1/1/2015	VC(2)	$	$ 241,800	$ 483,600							
	1/30/2015	PRSU(3)	$	$	$		13,122	26,244				$ 238,952
	1/30/2015	RSU(4)	$	$	$				10,498			$ 190,014
	1/30/2015	SO(5)	$	$	$					10,723	$ 18.10	$ 47,503
Walter G. Vahey	1/1/2015	VC(2)	$	$ 232,500	$ 465,000							
	1/30/2015	PRSU(3)	$	$								