

Significant components of Teradyne's deferred tax assets (liabilities) as of December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
	<u>(in thousands)</u>	
Deferred tax assets		
Tax credits	\$ 79,480	\$ 69,091
Accruals	25,424	23,449
Pension liabilities	24,459	20,826
Inventory valuations	18,572	18,514
Deferred revenue	7,622	9,130
Equity compensation	7,042	7,190
Vacation accrual	4,768	4,772
Investment impairment	3,292	—
Net operating loss carryforwards	2,705	3,658
Marketable securities	—	962
Other	1,472	685
Gross deferred tax assets	174,836	158,277
Less: valuation allowance	(77,177)	(69,852)
Total deferred tax assets	<u>\$ 97,659</u>	<u>\$ 88,425</u>
Deferred tax liabilities:		
Depreciation	\$ (18,238)	\$ (14,028)
Intangible assets	(16,705)	(24,211)
Marketable securities	(1,601)	—
Total deferred tax liabilities	<u>\$ (36,544)</u>	<u>\$ (38,239)</u>
Net deferred assets	<u>\$ 61,115</u>	<u>\$ 50,186</u>

As of December 31, 2019 and 2018, Teradyne evaluated the likelihood that it would realize deferred income taxes to offset future taxable income and concluded that it is more likely than not that a substantial majority of its deferred tax assets will be realized through consideration of both the positive and negative evidence. At December 31, 2019 and 2018, Teradyne maintained a valuation allowance for certain deferred tax assets of \$77.2 million and \$69.9 million, respectively, primarily related to state net operating losses and state tax credit carryforwards, due to the uncertainty regarding their realization. Adjustments could be required in the future if Teradyne estimates that the amount of deferred tax assets to be realized is more or less than the net amount recorded.

At December 31, 2019, Teradyne had operating loss carryforwards that expire in the following years:

	<u>State</u> <u>Operating Loss</u> <u>Carryforwards</u>	<u>Federal</u> <u>Operating Loss</u> <u>Carryforwards</u>	<u>Foreign</u> <u>Operating Loss</u> <u>Carryforwards</u>
		<u>(in thousands)</u>	
2020	\$ 269	\$ —	\$ —
2021	2,141	—	—
2022	4,934	—	—
2023	4,342	—	—
2024	1,498	—	—
2025-2029	7,673	—	—
2030-2034	4,329	—	15
Beyond 2034	2,185	554	74
Non-expiring	1,357	—	4,207
Total	<u>\$28,728</u>	<u>\$ 554</u>	<u>\$4,296</u>