

## ATTEN-HUT! GEORGE SOROS IS HERE

Tektronix moves to placate the powerful investor

For years, Tektronix Inc., a leading maker of television equipment and oscilloscopes, didn't seem perturbed by its flat sales and eroding profits. In fiscal 1992, sales fell 2.5%, to \$1.3 billion, and profits tumbled 59%, to \$19.7 million. Even Tek's new chief executive, Jerome J. Meyer, who came aboard in 1990, seemed in no hurry to turn things around. Among his first projects: refurbishing the Wilsonville (Ore.) headquarters to the tune of more than \$1 million.

Meyer's life at Tek is no longer so



SOROS: A 13.9% STAKE—FOR NOW

leisurely. Last fall, George Soros, the maverick investor and manager of the high-flying Quantum Fund Inc., bought a 13.9% stake in the company for \$80 million, prompting speculation that he would break Tek up and sell the pieces. And with reason: Soros and his key deputy, P. C. Chatterjee, have already done that with four other high-tech companies. On Jan. 13, Chatterjee, without admitting any wrongdoing, agreed to pay a \$644,000 fine to the Securities & Exchange Commission, which alleged that he conveyed inside information about the impending sale of one of those companies, Foxboro Corp.

In Tek's case, the numbers suggested that a breakup made sense. The company's current market value is \$685 million, compared with roughly \$1 billion if the pieces are sold separately (table).

Faced with the chance Tek's days are numbered, Meyer, 54, is attempting a turnaround. And the engineer and former Honeywell Inc. executive recently won some breathing room. After getting two board seats last November, Soros agreed not to increase his stake until April, 1994. Soros declines to comment, but Chatterjee says a breakup isn't the only solution: "We want the value of our stock to go up, that's all."

Meyer's strategy: slash expenses and lean on promising new products to offset the atrophy of Tek's core electronic-instrument business. He also hopes a planned stock buyback in 1993 will placate shareholders by boosting Tek's stock—recently trading at 23, down from the high 30s a decade ago. To help with his plans, Meyer has hired former Apple Computer Operating Officer Delbert W. Yocam as Tek's president.

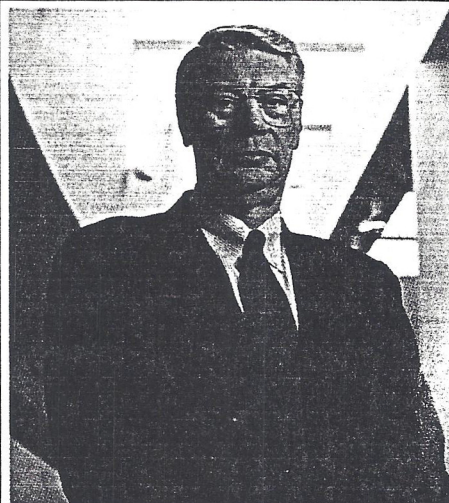
**SKEPTICS.** Turning Tek around will be tough. Its main business, electronic testing and measurement equipment, is eroding. Many of its products, which engineers use to test electrical components, are being replaced by elaborate computer programs. The unit's sales totaled \$725 million last year—down 21% from 1987. Sales at Tek's television-equipment unit also fell by 8% last year, to \$271 million, but they are expected to pick up

as the broadcasting industry revives.

To counterbalance the weak units, Meyer is concentrating on Tek's promising color-printer business. It's one of the few payoffs from Tek's richly funded research and development efforts. Launched in 1991, the \$4,000-to-\$10,000 Phaser printers are a hit—and they're cheaper than comparable products from Hewlett-Packard Co. and Canon Inc.

Cost-cutting could also improve the bottom line. Meyer says he will reduce operating costs by 7% this year, mostly through layoffs, saving \$30 million. Down the road, Meyer hopes to fund the stock buyback with \$50 million from a 28-year-old joint venture managed by Sony Corp. The Sony-Tek partnership sells Tek products in Japan but pays no regular dividends. Tek is negotiating for a special dividend to claim half of the joint venture's accumulated cash.

Many are unconvinced Meyer can pull off a turnaround. Tek "has to make some significant changes," says Prudential Se-



CEO MEYER: PUSHING FOR A TURNAROUND

### THE SUM OF ITS PARTS?

#### TEKTRONIX' MARKET VALUE

\$685 million as of Jan. 26

**BREAKUP VALUE\*** \$930 million to \$1.1 billion

**TEST & MEASUREMENT** Sells oscilloscopes and other electronic instruments

VALUE: \$360 million

**COMPUTER GRAPHICS** Sells color printers and graphics terminals

VALUE: \$300 million to \$400 million

**TELEVISION SYSTEMS** Manufactures television transmission and editing equipment for the broadcasting industry

VALUE: \$270 million to \$360 million

\*Estimates DATA: COMPANY REPORTS, BLACK & CO. ESTIMATES

curities analyst Laura Conigliaro. She estimates 1993 earnings will rise 8%, to \$35 million, thanks in part to cost-cutting, while revenues will be up a scant 1%. The Soros faction is also skeptical. Observes Paul Ely Jr., a Soros-nominated director: "Can the company push ahead in three disparate areas and be successful? The answer is probably no."

For his part, Meyer insists Tek is better off in one piece. He says a study he commissioned from Goldman, Sachs & Co. backs him up—but declines to share any of the findings. "Both financially and strategically, it makes sense to keep Tek as a whole," he says. Maybe. But Meyer had better hope he can bring such an exacting investor as George Soros around to his way of thinking.

By Jeff Manning in Wilsonville, Ore., and Elizabeth Lesly in New York