First directors' and shareholders' meetings of Sony/Tektronix were held in Tokyo March 22. Three of the joint subsidiary's six directors are pictured: (From left) Masaru Ibuka, Sony Corporation president; Akio Morita, Sony executive vice-president, and Howard Vollum, Tektronix, Inc., president.

TO OUR SHAREHOLDERS:

Again in this quarterly report it is a pleasure to call your attention to increases in orders, sales and profits for both quarter and year ending March 6, 1965. Per-share earnings for the quarter were 29 cents, making the earnings for the 52-week year increase to 91 cents, compared with 72 cents for the 53 weeks ending a year earlier.

Consolidated net sales climbed to $24,568,000 from $21,392,000 in the comparable quarters, and to $78,822,000 from $73,764,000 comparing the two years. These figures represented a sales increase of 15 per cent for the 16 weeks and 7 per cent for the year.

Orders for the 16 weeks increased to $25,106,000 from $22,646,000 in the comparable quarter of 1963-64. For the year, orders increased to $80,242,000 from $76,682,000.

While we anticipate continuing good results for the next quarter, they will be compared with an excellent corresponding quarter of the past year. Therefore, it is unlikely that percentage increases will be as large as those contained in this report.

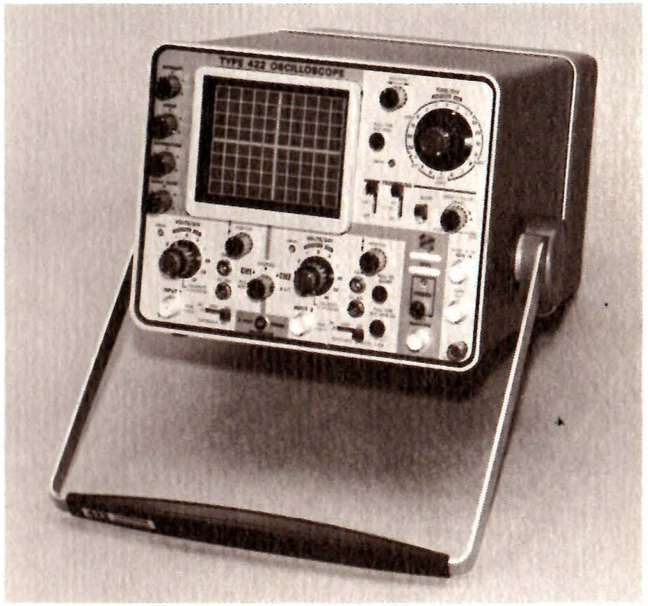
In early March, necessary government approvals having been obtained, Sony/Tektronix was officially incorporated in Tokyo. This is a 50-50 joint venture with the Sony Corporation. First production by Sony/Tektronix will begin this May, consisting of selected Tektronix instruments from our current catalog. Engineering personnel are being assembled for the development of Sony/Tektronix instruments complementary to the present Tektronix line.

While we are very optimistic about the future of Sony/Tektronix, it should be pointed out that it will be several years before any significant financial results are achieved.

At the annual convention of the Institute of Electrical and Electronics Engineers (March 22 to 25 in New York City, attendance 59,000), Tektronix introduced a number of new items. The most significant was the Type 422, DC-15 mc portable oscilloscope, intended for field service of computers and other electronic equipment. Its combination of performance, ruggedness, size, weight and ability to operate from its own internal batteries as well as a wide range of external power sources brought many favorable comments from prospective purchasers.

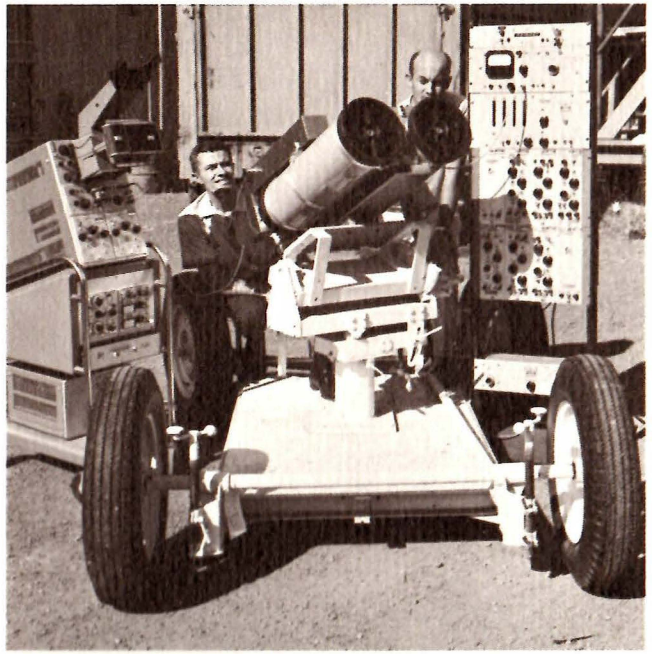
We hope that by continuing to develop new products, and to manufacture and market them efficiently, Tektronix' performance will justify your faith in us.

Howard Vollum
President



An attention-getter at the annual IEEE (Institute of Electrical and Electronics Engineers) convention in New York City in March was Tektronix' 422 oscilloscope, a small, light, rugged, high-performance instrument.

A twin eight-inch cassegranian telescope lidar (meteorological laser radar) for installation at the Pacific Missile Range, Pt. Mugu, California, provides still another application for the versatile Tektronix oscilloscope. Other Tektronix instruments are shown, including an oscilloscope camera. (Photo courtesy of Stanford Research Institute Journal, Number 2, 1964)



INTERIM REPORT TEKTRONIX, INC.
MARCH 6, 1965

TEKTRONIX, INC. CONSOLIDATED WITH SUBSIDIARIES
UNAUDITED FINANCIAL STATEMENTS
(THOUSANDS)

OPERATION	16 weeks ended March 6 1965	16 weeks ended March 7 1964	52 weeks ended March 6 1965	53 weeks ended March 7 1964
NET SALES	$24,568	$21,392	$78,822	$73,764
MANUFACTURING COST OF SALES	10,645	9,957	34,765	34,181
GROSS PROFIT	13,923	11,435	44,057	39,583
EXPENSES	9,535	8,422	30,434	28,150
Selling	2,562	2,765	8,484	8,628
Research and development	2,250	2,223	7,018	7,145
Administration	2,223	1,855	6,989	6,200
Interest expense	26	125	159	433
Non-operating expense (income)	99	(103)	410	(430)
Employee profit share representing 35% of consolidated earnings before income taxes, charitable contributions and profit share	2,375	1,557	7,374	6,174
INCOME BEFORE INCOME TAXES	4,388	3,013	13,623	11,433
PROVISION FOR INCOME TAXES	2,047	1,360	6,295	5,606
U.S. income taxes	1,701	1,155	5,328	4,950
State income taxes	111	105	401	378
Foreign income taxes	235	100	566	278
EARNINGS	2,341	1,653	7,328(A)	5,827(B)
EARNINGS PER SHARE	29.1¢	20.5¢	91.1¢	72.2¢
Depreciation and amortization	728	720	2,356	2,237
Orders received	25,106	22,646	80,242	76,682

CONDITION	March 6 1965	Nov. 14 1964	March 7 1964
CURRENT ASSETS	$35,260	$32,582	$34,840
Cash	3,251	23	2,486
Marketable securities	—	—	1,408
Accounts receivable—net	11,682	11,712	8,932
Finished inventory	5,680	6,268	7,122
Other inventory	13,883	13,585	14,317
Prepaid expenses	764	994	575
CURRENT LIABILITIES	11,140	9,377	10,129
Indebtedness	495	490	471
Accounts payable	1,341	1,005	1,128
Income taxes	4,447	3,706	4,140
Accrued expenses	4,857	4,176	4,390
WORKING CAPITAL	24,120	23,205	24,711
FACILITIES at depreciated cost	18,959	18,460	18,091
INTANGIBLE ASSETS	164	175	120
INVESTMENTS at cost	410	271	271
LONG-TERM INDEBTEDNESS less current portion	(475)	(502)	(6,702)
SHAREHOLDERS' EQUITY	43,178	41,609	36,491
Common shares	5,975	5,975	5,844
Retained earnings	37,203	35,634	30,647
Common shares outstanding	8,041	8,081	8,073
Number of employees	4,931	4,925	5,100

NOTE A: For the 52 weeks ended March 6, 1965, earnings would have been higher by $93 thousand (net of profit share and income taxes), had it not been for a $289 thousand prepayment premium and acceleration of amortization of loan costs for prepayment of $5,800,000 long-term indebtedness—which will result in greatly reduced interest costs.

NOTE B: For the 53 weeks ended March 7, 1964, earnings include $127 thousand (net of profit share and income taxes) resulting from $221 thousand non-recurring capital gain.