



INTERIM REPORT TEKTRONIX, INC.

AUGUST 19, 1967

TEKTRONIX OSCILLOSCOPES are important production-line test instruments at Magnavox Company, Ft. Wayne, Ind. Here, sonobuoys are manufactured for the US Navy's antisubmarine warfare department.

TO SHAREHOLDERS AND EMPLOYEES:

Sales and earnings for the first quarter were just slightly more than in the corresponding period a year ago. Orders received were slightly lower than a year ago, when a higher-than-average peak occurred.

However, for the 52 weeks ended August 19, 1967, we are substantially ahead of the corresponding 1966 period in sales, orders and earnings.

At the September 16 annual shareholders meeting, 87.5 per cent of the shares were voted, resulting in the re-election of the directors, extension of the employee share-purchase plan, approval of the qualified stock-option plan and the choice of Haskins & Sells again as auditors. Details of the stock-option and employee share-purchase plans were included with the proxy material sent you in the notice of the meeting.

Since shareholders had received the annual report prior to the meeting, we did not discuss the past year's operation, except for a financial review by the treasurer, but rather discussed the new products which were on display at the meeting; plans for expansion of our facilities; the company's education and training program, and the price increase on many Tektronix products effective September 4.

Concerning facilities, it was pointed out that an addition to the Ceramics building is well under way to provide space to manufacture the increasing number of ceramic cathode-ray-tube envelopes that will be needed. Plans are being drawn for an addition of 57,000 square feet to the Electrochemistry building, doubling its size.

This expansion is urgently needed, largely because of the greatly increased use of etched circuit boards in new Tektronix instruments. Preliminary plans are also being developed for a new building to increase the cathode-ray-tube output and provide space to manufacture the specialized integrated circuits being developed in our Engineering department. Land has been purchased outside of Paris and plans approved for a 27,000-square-foot building to house our marketing subsidiary in France.

The Operations Center is now virtually complete and partially occupied. The Administration building, which is being vacated as the Operations Center is occupied, is being converted into an Education Center. It will house our customer and field-engineer training, as well as our growing after-hours employee education program. With jobs becoming more sophisticated as technology advances, continuing intellectual growth by individuals is essential to our success. We expect this building to facilitate these important activities.

With the continued upward trend of material costs and salaries, it has been difficult to maintain our historical profit margins. Therefore, after a very careful product-by-product study, prices on most instruments have been increased; the average was about 3.5 per cent. This is the first general increase since 1962.

Again, as in other reports, we invite you to visit Tektronix if you are in the Portland-Beaverton area.

Howard Vollum

President



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

OPERATION				CONDITION				
12 WEEKS ENDED		52 WEEKS ENDED			Aug. 20 1966	May 27 1967	Aug. 19 1967	
Aug. 20 1966	Aug. 19 1967	Aug. 20 1966	Aug. 19 1967					
\$26,568	\$27,244	\$108,328	\$129,707	NET SALES	\$50,570	\$62,952	\$59,489	CURRENT ASSETS
12,082	12,197	48,423	59,625	MANUFACTURING COST OF SALES	941	2,241	1,303	Cash
14,486	15,047	59,905	70,082	GROSS PROFIT	19	3,528	3,692	Cash earning interest
9,379	9,880	39,254	44,843	EXPENSES	17,749	21,557	19,302	Accounts receivable — net
2,093	2,267	8,995	9,722	Selling	5,289	6,228	6,874	Finished inventory
2,252	2,503	9,641	10,678	Research and development	25,925	27,922	26,731	Other inventory
2,343	2,348	9,641	10,769	Administration	647	1,476	1,587	Prepaid expenses
12	4	66	185	Interest expense	16,150	23,258	16,931	CURRENT LIABILITIES
(120)	(6)	(496)	(220)	Non-operating (income)	2,776	749	591	Indebtedness — current portion
2,799	2,764	11,407	13,709	Employee profit share	1,976	3,508	3,165	Accounts payable
5,107	5,167	20,651	25,239	INCOME BEFORE INCOME TAXES	6,290	7,993	7,560	Income taxes
2,295	2,335	8,970	11,780	PROVISION FOR INCOME TAXES	5,108	11,008	5,615	Accrued expenses
1,934	1,794	7,443	9,585	Federal	34,420	39,694	42,558	WORKING CAPITAL
170	158	659	738	State	22,880	25,433	25,675	FACILITIES at depreciated cost
191	383	868	1,457	Foreign	142	3,494	3,394	INTANGIBLE ASSETS
2,812	2,832	11,681	13,459	Earnings Before Minority Interest	674	841	861	INVESTMENTS at cost
—	18	—	68	Minority Interest in Earnings	(432)	(1,328)	(1,328)	LONG-TERM INDEBTEDNESS—less current portion
2,812	2,814	11,681	13,391	EARNINGS	—	(586)	(604)	MINORITY INTEREST IN EQUITY
35¢	35¢	\$1.46	\$1.68	EARNINGS PER SHARE	57,684	67,548	70,556	SHAREHOLDERS' EQUITY
637	691	2,529	3,041	Depreciation of facilities (mostly accelerated)	5,997	5,997	5,997	Common shares
32,518	30,827	124,262	128,091	Orders received	(1,910)	(2,623)	(2,429)	Less treasury shares at cost
					53,597	64,174	66,988	Reinvested earnings
					7,987	7,970	7,980	Common shares outstanding
					1,436	1,588	1,557	Buildings (thousand-square feet)
					7,006	7,270	7,327	Employees (number)



INTERIM REPORT TEKTRONIX, INC.

NOVEMBER 11, 1967

TO SHAREHOLDERS AND EMPLOYEES:

In the quarter just ended, Tektronix sales, orders and earnings continued to increase. This growth, moderate rather than spectacular, occurred in the face of varied economic pressures that plagued much of the electronics industry.

Tektronix has been fairly resistant to some of those pressures. Our highly integrated operations produce many of our own mechanical and electrical components, thus slowing the upward trend of parts costs. Second, continuing adoption of semi-automated and other advanced processes has helped us hold down direct-labor costs. Third, we have never dealt in direct government R & D contracts; we rely, in governmental as well as commercial business, not on large single contracts but on the more stable order pattern that results from having a very large number of individual customers. Fourth, our output of new products has continued to stimulate our market.

The figures in this report describe for you, in detail, the gains for the quarter.

Devaluation of the British pound is not expected to have a significant effect on Tektronix earnings, since our current assets in sterling were heavily offset by current liabilities that will be paid at a devalued pound.

The longer-term effect on our sales in the United Kingdom is not clear. However, our experience in that market with similar economic barriers has indicated that excellent product value tends to offset such impedances.

We will continue our close scrutiny of the situation, begun some time ago when devaluation first appeared as a possibility. We will seek not only to minimize any negative effects but also to take advantage of any opportunities that arise. For instance, because devaluation will affect both sides of the ledger, our operating costs in the UK, in US dollars, will decrease.

The moderate pace of growth in the quarter has given us time to attend to some matters that otherwise might have been postponed. Among them was adding to our Ceramics plant and beginning an addition to our Electrochemistry plant. We are also contemplating two other buildings, for engineering and manufacturing use.

These buildings, one more indication of Tektronix' confidence in the future, will provide not only the space but also the necessary specialized environments for storage-tube, etched-circuit and integrated-circuit production—along with other advanced developmental and production activities that will make tomorrow's instruments possible sooner.

Of our recently introduced products, two deserve special mention: The type 520 vector scope, and the types 601 and 611 storage display units for computer readout.

The vectorscope is a specialized oscilloscope that monitors the characteristics of color television's video signals. We feel confident the 520 will replace the existing standard of the color TV industry, which is the Tektronix type 526.

CONSTRUCTION has begun on a 53,200-square-foot addition that will more than double the size of Tektronix' Electrochemistry building. Model shows the completed structure.

The 601 and 611 are not oscilloscopes. Although Tektronix has specialized in oscilloscope development, we have always been ready to pursue promising related applications of specialized technologies we develop. One such technology is storage, the ability to retain a waveform display on the CRT screen after the signal ceases. Thus the computer output—in words, numbers or graphics—may be viewed as long as needed after having been put on the screen once only; by contrast, television-type CRT readout requires repeating the image 30 times each second.

Although it is by no means certain that the computer industry will adopt storage as its standard readout technique, early customer response is very encouraging.

Speaking for all of Tektronix, may I wish you a very merry Christmas and a New Year that will bring you prosperity and happiness.

Howard Vollum

President

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

OPERATION

12 WEEKS ENDED		52 WEEKS ENDED		
Nov. 12 1966	Nov. 11 1967	Nov. 12 1966	Nov. 11 1967	
\$30,010	\$31,113	\$114,975	\$130,811	NET SALES
13,618	14,208	51,768	60,216	MANUFACTURING COST OF SALES
16,392	16,905	63,207	70,595	GROSS PROFIT
10,599	10,941	41,417	45,186	EXPENSES
2,142	2,428	9,141	10,008	Selling
2,634	2,721	10,253	10,766	Research and development
2,668	2,601	10,376	10,702	Administration
62	6	120	130	Interest expense
(77)	(11)	(515)	(154)	Non-operating (income)
3,170	3,196	12,042	13,734	Employee profit share
5,793	5,964	21,790	25,409	INCOME BEFORE INCOME TAXES
2,621	2,640	9,427	11,799	PROVISION FOR INCOME TAXES
2,244	2,027	7,837	9,369	Federal
189	182	697	730	State
188	431	893	1,700	Foreign
3,172	3,324	12,363	13,610	Earnings Before Minority Interest
—	27	—	95	Minority Interest in Earnings
3,172	3,297	12,363	13,515	EARNINGS
40¢	41¢	\$1.55	\$1.69	EARNINGS PER SHARE
658	777	2,615	3,160	Depreciation of facilities (mostly accelerated)
27,130	31,975	125,666	133,148	Orders received

CONDITION

Nov. 12 1966	Aug. 19 1967	Nov. 11 1967	
\$56,002	\$59,489	\$64,421	CURRENT ASSETS
925	1,303	1,543	Cash
29	3,692	5,377	Cash earning interest
19,584	19,302	21,002	Accounts receivable — net
5,725	6,874	6,915	Finished inventory
29,107	26,731	27,073	Other inventory
632	1,587	2,511	Prepaid expenses
20,063	16,931	19,580	CURRENT LIABILITIES
2,526	591	761	Indebtedness — current portion
2,263	3,165	2,913	Accounts payable
7,274	7,560	7,516	Income taxes
8,000	5,615	8,390	Accrued expenses
35,939	42,558	44,841	WORKING CAPITAL
23,419	25,675	26,811	FACILITIES at depreciated cost
138	3,394	3,291	INTANGIBLE ASSETS
789	861	887	INVESTMENTS at cost
(432)	(1,328)	(1,192)	LONG-TERM INDEBTEDNESS—less current portion
—	(604)	(632)	MINORITY INTEREST IN EQUITY
59,853	70,556	74,006	SHAREHOLDERS' EQUITY
5,997	5,997	5,997	Common shares
(2,913)	(2,429)	(2,276)	Less treasury shares at cost
56,769	66,988	70,285	Reinvested earnings

NOTE:

The above figures do not reflect the devaluation of the British pound sterling. Devaluation, however, is expected to have only a negligible effect on earnings.

Supplemental (non-dollar) information

7,954	7,980	7,987	Number of common shares outstanding (thousands)
1,436	1,537	1,633	Square footage of buildings (thousands)
7,284	7,327	7,533	Number of employees

INTENSE RESEARCH in the nuclear sciences at Brookhaven National Laboratory, Long Island, N.Y. relies on Tektronix oscilloscopes and other advanced electronic instruments. Several scope models, including rackmounts, are pictured. (Photo courtesy of Quality Assurance magazine)



INTERIM REPORT TEKTRONIX, INC.

MARCH 2, 1968

TO SHAREHOLDERS AND EMPLOYEES:

Tektronix sales, in the quarter just completed, made another moderate gain. Earnings showed a somewhat smaller increase, and orders were down a bit from those of the comparable quarter a year ago.

Economic and political turbulence at home and abroad continues to impede the financial performance of many US companies. In the electronics industry, decreased earnings have been the rule in recent months; we believe that in our case the moderate increase is an indicator of efficient operation. Tektronix is self-sufficient for many of its own material and component needs; makes extensive and increasing use of advanced semi-automated techniques, and has a very broad customer base. These attributes give us substantial insurance against sudden economic jolts from any single source.

The attached statistics in this report give you details of our orders, sales and earnings.

The war in Vietnam continues to provide the single largest depressant on our markets. As the conflict wears on, and as the human and financial commitment there grows, so does the diversion of national resources away from more productive peacetime uses.

Tektronix in March introduced seven new products: The 528 solid-state television waveform monitor; the 520 vectorscope, in a PAL version that can provide color measurements

for most overseas TV systems; a modified version of our 453 portable oscilloscope capable of viewing TV waveforms; two plug-in units, one a high-gain differential amplifier and the other a dual-trace sampling unit; a swept-frequency converter accessory; and the C-31 camera, which provides single-shot photographs at the fastest sweep speed of our 150 MHz 454 portable oscilloscope.

We also exhibited at IEEE our recently introduced types 601 and 611 storage display units. The keen interest shown these two products reinforces our belief that they will find a good reception in what is to us a new market—and a potentially very large one. The display units are a means of viewing graphic, numerical or word output from a computer. This market is certainly a competitive one—but our units, with their unique storage capability, provide simple, flicker-free display and should be very strong competitors themselves.

Last quarter I reported to you our plans to double the size of our Electrochemistry plant and to construct other major buildings. Progress on these projects has been good.

Just as the makeup of our work force shifts with changing technology, so does our usage of buildings; each of these new and proposed structures will provide facilities for advanced processes and new-product-related design and developmental activities. This

changing usage underlines the fact that a major concern at Tektronix today is the instruments, the markets—and the problems—of the years ahead.

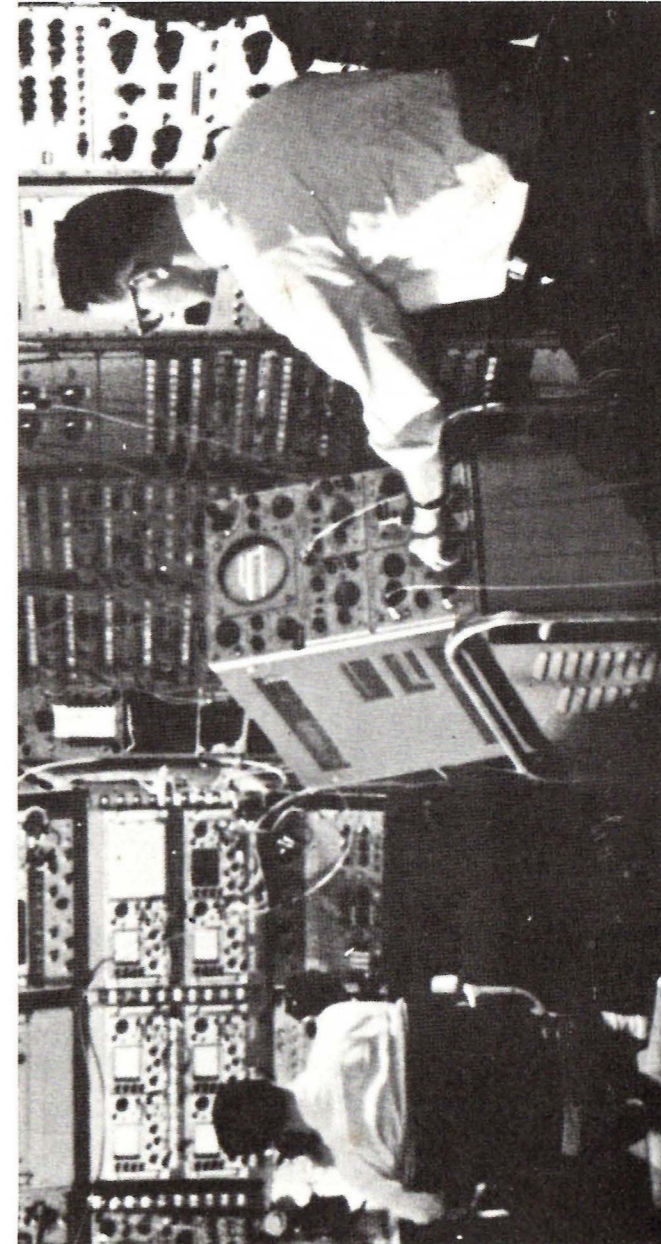
The recent international “gold rush” caused some consternation, but so far has had only one effect on Tektronix: The price we pay for industrial gold, for a variety of production purposes, will increase by the difference between \$35 an ounce and the free-market price.

The complex outside influences, national and international, that impinge upon today's business operations show little sign of diminishing in either number or insistence. For tomorrow, I hope with you that many of these external problems will find rapid and genuine settlement. For today, these are among the concerns of those who manage the company whose ownership you share:

To move with both confidence and care; to effectively manage those factors that lie within our control, and to fully understand and take maximum advantage of those which are beyond it.

Howard Vollum
President

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P.O. BOX 500
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TEKTRONIX, INC. CONSOLIDATED WITH SUBSIDIARIES
UNAUDITED FINANCIAL STATEMENTS (THOUSANDS)

OPERATION

16 WEEKS ENDED		52 WEEKS ENDED		
Mar. 4 1967	Mar. 2 1968	Mar. 4 1967	Mar. 2 1968	
\$38,697	\$40,694	\$122,612	\$132,808	NET SALES
18,750	18,795	56,951	60,260	MANUFACTURING COST OF SALES
19,947	21,899	65,661	72,548	GROSS PROFIT
13,025	14,833	42,785	46,968	EXPENSES
2,964	3,309	9,447	10,354	Selling
3,164	3,942	10,404	11,544	Research and development
3,182	3,645	10,715	11,165	Administration
94	6	196	42	Interest expense
(147)	126	(569)	92	Non-operating (income) expense
3,768	3,805	12,592	13,771	Employee profit share
6,922	7,066	22,876	25,580	INCOME BEFORE INCOME TAXES
3,209	3,295	10,070	11,885	PROVISION FOR INCOME TAXES
2,516	2,384	8,259	9,237	Federal
239	220	752	711	State
454	691	1,059	1,937	Foreign
3,713	3,771	12,806	13,695	Earnings Before Minority Interest
26	43	26	138	Minority Interest in Earnings
3,687	3,728	12,780	13,557	EARNINGS
46.3¢	46.6¢	\$1.605	\$1.696	EARNINGS PER SHARE
935	1,102	2,701	3,327	Depreciation of facilities (mostly accelerated)
38,955	38,391	128,619	132,576	Orders received

CONDITION

Mar. 4 1967	Nov. 11 1967	Mar. 2 1968	
\$58,713	\$64,421	\$63,755	CURRENT ASSETS
907	1,543	552	Cash
45	5,377	6,744	Cash earning interest
20,192	21,002	21,115	Accounts receivable — net
6,637	6,915	6,768	Finished inventory
29,591	27,073	26,994	Other inventory
1,341	2,511	1,582	Prepaid expenses
22,250	19,580	16,276	CURRENT LIABILITIES
5,409	761	656	Indebtedness — including current portion
2,520	2,913	2,963	Accounts payable
6,588	7,516	4,855	Income taxes
7,733	8,390	7,802	Accrued expenses
36,463	44,841	47,479	WORKING CAPITAL
24,630	26,811	28,015	FACILITIES at depreciated cost
3,611	3,291	2,991	INTANGIBLE ASSETS
836	887	1,157	INVESTMENTS at cost
(1,328)	(1,192)	(1,085)	LONG-TERM INDEBTEDNESS—less current portion
(563)	(632)	(675)	MINORITY INTEREST IN EQUITY
63,649	74,006	77,882	SHAREHOLDERS' EQUITY
5,997	5,997	5,997	Common shares
(2,804)	(2,276)	(2,127)	Less treasury shares at cost
60,456	70,285	74,012	Reinvested earnings

Supplemental (non-dollar) information

7,964	7,987	7,992	Number of common shares outstanding (thousands)
1,491	1,633	1,646	Square footage of buildings (thousands)
7,415	7,533	7,733	Number of employees