

## TO SHAREHOLDERS AND EMPLOYEES:

A 19 per cent gain in sales and a 17 per cent increase in orders for the 13-week first quarter more than offset substantially increased investments in research and development, and brought Tektronix earnings to 37 cents per share. In the comparable 12-week quarter last year, the figure was 35 cents.

For the 53 weeks ended August 24, orders increased from \$128.1 million to \$142.8 million, and sales from \$129.7 million to \$138.7 million, both compared to the previous 52-week year.

At the Tektronix annual shareholders' meeting September 21, 89.5 per cent of the shares were voted. The board of directors was re-elected, and Haskins & Sells were again approved as auditors.

It is our policy not to make either financial or product predictions, but several subjects were discussed at the meeting that give some measure of our confidence in the years ahead.

A 62,000-square-foot addition to our Electrochemistry building, to be completed in February, will enable us to expand our manufacture of etched circuit boards, used extensively in new Tektronix instruments.

Excavation began in August for a 131,000-square-foot, three-story building that will house cathode-ray-tube and integrated-circuit manufacturing, plus some engineering. We

expect its completion by next fall, which will allow further mechanization of CRT manufacturing.

Our ability to produce integrated circuits specifically designed for oscilloscope requirements will give us a strong competitive advantage over companies that must rely entirely on commercially available ICs.

A 30,000-square-foot addition to our Graphics building, soon to get under way, will group the Printing department with a number of related activities.

In the planning stage with our architects is more space for the Engineering effort, the heart of our business; and for manufacturing of ceramic components.

Overseas, we will add 30,000 square feet to our manufacturing plant at Heerenveen, The Netherlands. Among other things, the addition will let us form an engineering activity there. A quarter of the construction cost will be paid by the Dutch government.

Sales of our recently introduced types 601 and 611 display units reinforce our confidence in the future of this new Tektronix market. Technical problems that have interfered with early production now seem to be coming under control, and deliveries have substantially improved.

Due to the success of an exploratory proj-

SONY/TEKTRONIX 323 portable oscilloscope was among the products described by President Howard Vollum at the annual shareholders' meeting September 21. The type 115 pulse generator also is shown. Shareholders themselves, before and after the meeting, showed a lot of interest in the boothful of new Tektronix products.

ect to develop a complete remote computer terminal using the 611, approval has been given to complete the design, and to manufacture and market the terminal.

We normally do not announce development of a new product until it is scheduled for delivery. But this one is sufficiently different from our present product line that we feel an exception should be made.

It will be at least a year before any significant deliveries of the terminal take place. The only near-term financial effects will be the expenses that accompany its development and introduction.

As we carry forward our new-product programs, and as we increase our facilities, expenditures will remain high.

Because of the government's restrictions on foreign investment, some of our overseas activities may become more complicated and financially less efficient than normal, since we may be required to borrow abroad in order to carry out our program.

We will, in future reports, try to keep you informed of this and other matters affecting the progress of your company.

*Howard Vollum*

President



# INTERIM REPORT TEKTRONIX, INC.

AUGUST 24, 1968



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

OPERATION				
12 WEEKS ENDED	13 WEEKS ENDED	52 WEEKS ENDED	53 WEEKS ENDED	
Aug. 19 1967	Aug. 24 1968	Aug. 19 1967	Aug. 24 1968	
\$27,244	\$32,327	\$129,707	\$138,739	NET SALES
12,197	14,562	59,625	62,695	MANUFACTURING COST OF SALES
15,047	17,765	70,082	76,044	GROSS PROFIT
9,880	12,153	44,843	50,497	EXPENSES
2,267	2,706	9,722	11,152	Selling
2,503	3,558	10,678	13,420	Research and development
2,348	2,882	10,769	12,067	Administration
4	8	185	32	Interest expense
(6)	24	(220)	73	Non-operating (income) expense
2,764	2,975	13,709	13,753	Employee profit share
5,167	5,612	25,239	25,547	INCOME BEFORE INCOME TAXES
2,335	2,607	11,780	11,822	PROVISION FOR INCOME TAXES
1,794	2,028	9,585	9,037	Federal
158	171	738	812	State
383	408	1,457	1,973	Foreign
2,832	3,005	13,459	13,725	Earnings Before Minority Interest
18	15	68	120	Minority Interest in Earnings
2,814	2,990	13,391	13,605	EARNINGS
35¢	37¢	\$1.68	\$1.70	EARNINGS PER SHARE
691	802	3,041	3,547	Depreciation of facilities (mostly accelerated)
30,827	36,195	128,091	142,863	Orders received

CONDITION			
Aug. 19 1967	May 25 1968	Aug. 24 1968	
\$59,489	\$72,626	\$71,566	CURRENT ASSETS
1,303	1,635	1,165	Cash
3,692	11,879	11,667	Cash earning interest
19,302	22,612	21,478	Accounts receivable — net
6,874	6,849	7,080	Finished inventory
26,731	28,133	28,810	Other inventory
1,587	1,518	1,366	Prepaid expenses
16,931	21,839	17,673	CURRENT LIABILITIES
591	171	171	Indebtedness — current portion
3,165	5,010	3,823	Accounts payable
7,560	5,902	6,965	Income taxes
5,615	10,756	6,714	Accrued expenses
42,558	50,787	53,893	WORKING CAPITAL
25,675	28,332	28,711	FACILITIES at depreciated cost
3,394	2,888	2,786	INTANGIBLE ASSETS
861	1,116	1,124	INVESTMENTS at cost
(1,328)	(817)	(817)	LONG-TERM INDEBTEDNESS—less current portion
(604)	(709)	(724)	MINORITY INTEREST IN EQUITY
70,556	81,597	84,973	SHAREHOLDERS' EQUITY
5,997	5,997	5,997	Common shares
(2,429)	(2,003)	(1,617)	Less treasury shares at cost
66,988	77,603	80,593	Reinvested earnings

Supplemental information

7,980	7,998	8,019	Number of common shares outstanding (thousands)
1,557	1,698	1,714	Square footage of buildings (thousands)
7,327	7,852	8,324	Number of employees
15,500	12,900	15,900	Product unfilled orders at catalog price (thousands)
9,500	9,700	10,300	Product finished inventory at catalog price (thousands)

## TO SHAREHOLDERS AND EMPLOYEES:

Tektronix sales and orders increased substantially in the quarter just ended. Earnings also increased, but not proportionately. The figures in this report pretty much tell the story.

As we had planned (and discussed with you in earlier reports), we have increased our new-product-related expenditures to unprecedented levels. I suppose it's unlikely that expenses are as interesting to you as earnings, but the investment they represent has many ramifications. We who are close to these developments see them as not only promising but also very exciting.

Not only is our new-product effort the most intensive in Tektronix history, but it is being paralleled by development of new Tektronix-made components. Another parallel effort continues in automated production technology. These efforts are not only parallel in time but also integrated in conception; each will contribute to the success of the other.

You will understand that I can't say much about new instruments. It is our policy not to discuss them until after they've become catalog items. But some new components deserve mention.

In our efforts to advance the state of the oscilloscope art, more and more often the limitation of one component or another becomes the limit on the scope's performance itself. When components have not been available with the capability we need, we have made our own.

I should point out that the ability—and the courage—to enter into development of new components has been part of Tektronix history for 22 years. To that end, we have built up a broad, deep reservoir of human skills. I feel our people are second to none.

Still, our new-component development programs have been markedly expanded in the last two years. Many of these components have not yet appeared in instruments, but will play key roles in enabling new performance levels.

A big effort is in cathode-ray tubes, not only in construction methods but also in development of new materials.

New components include a radically different "circuit-board" switch, which offers production, cost and size advantages over the wafer-type switches we have been using, without much enthusiasm.

Another is a series of high-frequency relays, which will be used in a number of products. But the most important new components may be the integrated circuits we have developed specifically for oscilloscope use.

Tek-made components are not always "better" than off-the-shelf items. But by making a different set of design compromises, we can optimize the characteristics we need and minimize those we don't. This is true of our integrated circuits.

Another exciting development is in production processes. Our new instruments are designed to take increased advantage of automated assembly and testing. The key here is a combination of precise circuit boards and numerically controlled equipment, fed by computer-produced tapes. Production technology is advancing rapidly.

To provide space for the expansion of both instrument and component manufacturing, an extensive building program is in progress:

We plan to move into a 131,000-square-foot Electron Device building in November. The building eventually will be used for CRT and IC production, but at first will also house some engineering. That same month, we expect to see completed a 44,000-square-foot addition to our Ceramics plant. We're now moving into a 63,000-square-foot addition to our Electrochemistry building, doubling the space available for work on etched-circuit boards. A 30,000 square-foot expansion of our Graphics building will be ready for occupancy in May.

In the advanced planning stage is an 180,000-square-foot addition to our Technical Center, to be built in two phases in the next two years. The 250,000-square-foot Tech Center is getting pretty crowded; this may be hard to conceive, when you consider that the Technical Center alone probably exceeds the combined engineering space of all other oscilloscope companies in the free world.

Overseas, a 30,000-square-foot addition is under construction at Heerenveen, The Netherlands; and Telequipment Ltd., our British subsidiary, several months ago acquired 13 acres, containing buildings with enough space to

enable tripling of its present production capacity.

So you can see that our investment in new-product programs and related activities has many facets. This high level of expenditure will continue in the periods just ahead.

Several of us from Tektronix management had the honor to appear before recent meetings of the New York and the Cleveland Societies of Security Analysts. In my comments, I tried to answer a frequently-asked question. "Is Tektronix' growth limited by the growth of the electronics industry?"

I believe it is not. First, it's hard to define the "electronics industry," since electronics is making inroads into virtually all industries. The first beachhead typically is made by instrumentation, notably oscilloscopes. Secondly, despite the fact that our instruments are designed for many long years of customer use, the pace of our development programs typically obsolesces our own products.

I also had the opportunity to convey to the audience at each meeting my unbounded faith in Tektronix people; what the company has achieved, and will achieve, is the result of their proven confidence that they can master new skills. Earlier reports to you have described our extensive education program. Far more significant than the program itself is our employees' response to it.

At any point in time, you'll find about 2500 Tektronix people participating in classes ranging from electronics to existential philosophy, on the Tek "campus" after work hours. Without their continued efforts toward self-development, none of the present would have been possible, and certainly none of the future. A future that, I believe, holds great promise for all of us.



Howard Vollum,  
President

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# INTERIM REPORT TEKTRONIX, INC.

MARCH 8, 1969



MANY NEW Tektronix-manufactured components made their first appearance in the Type 576 semiconductor curve-tracer.

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

**OPERATION**

16 WEEKS ENDED	16 WEEKS ENDED	52 WEEKS ENDED	53 WEEKS ENDED	
Mar. 2 1968	Mar. 8 1969	Mar. 2 1968	Mar. 8 1969	
\$40,694	\$43,704	\$132,808	\$144,062	NET SALES
18,795	20,879	60,260	66,016	MANUFACTURING COST OF SALES
21,899	22,825	72,548	78,046	GROSS PROFIT
14,833	15,929	46,968	53,099	EXPENSES
3,309	3,676	10,354	11,875	Selling
3,942	4,683	11,544	15,230	Research and development
3,645	3,943	11,165	12,702	Administration
6	79	42	107	Interest expense
126	(108)	92	(182)	Non-operating (income) expense
3,805	3,656	13,771	13,367	Employee profit share
7,066	6,896	25,580	24,947	INCOME BEFORE INCOME TAXES
3,295	3,088	11,885	11,355	PROVISION FOR INCOME TAXES
2,384	2,287	9,237	8,691	Federal
220	182	711	744	State
691	619	1,937	1,920	Foreign
3,771	3,808	13,695	13,592	Earnings Before Minority Interest
43	15	138	83	Minority Interest in Earnings (Note)
3,728	3,793	13,557	13,509	EARNINGS
46.6¢	47.2¢	\$1.696	\$1.684	EARNINGS PER SHARE—based on average number of shares outstanding.

Supplemental information

1,102	1,191	3,327	3,701	Depreciation of facilities (mostly accelerated) Orders received
38,391	50,068	132,576	154,477	

(Note) During the quarter, the company acquired the remaining 20 per cent equity in a marketing subsidiary, eliminating the minority interest.

**CONDITION**

Mar. 2 1968	Nov. 16 1968	Mar. 8 1969	
\$63,755	\$70,649	\$76,047	CURRENT ASSETS
7,296	12,023	12,627	Cash including cash earning interest
21,115	20,158	22,705	Accounts receivable—net
6,768	7,242	7,571	Finished inventory
26,994	29,731	30,604	Other inventory
1,582	1,495	2,540	Prepaid expenses
16,276	14,736	19,760	CURRENT LIABILITIES
656	185	3,626	Indebtedness—current portion
2,963	3,586	3,839	Accounts payable
4,855	3,201	4,460	Income taxes
7,802	7,764	7,835	Accrued expenses
47,479	55,913	56,287	WORKING CAPITAL
28,015	29,917	32,952	FACILITIES at depreciated cost
2,991	2,684	2,583	INTANGIBLE ASSETS
1,157	1,140	1,244	INVESTMENTS at cost
(1,085)	(596)	(570)	LONG-TERM INDEBTEDNESS—less current portion
(675)	(743)	—	MINORITY INTEREST IN EQUITY (Note)
77,882	88,315	92,496	SHAREHOLDERS' EQUITY
5,997	5,997	5,997	Common shares
(2,127)	(1,410)	(1,022)	Less treasury shares at cost
74,012	83,728	87,521	Reinvested earnings

Supplemental information

7,992	8,028	8,044	Number of common shares outstanding (thousands)
1,646	1,728	1,767	Square footage of buildings (thousands)
7,733	8,536	8,661	Number of employees
12,400	13,800	19,100	Product unfilled orders at catalog price (thousands)
9,700	9,800	10,400	Product finished inventory at catalog price (thousands)