To shareholders and employees:

Sales increased by 8 per cent and orders by 11 per cent in Tektronix' first quarter.

Greatly expanded investment in engineering, which enabled the introduction of several significant new products, also had the effect of delaying growth of earnings. Earnings per share for the 12-week quarter were 33 cents; in the 13-week first quarter of last year, they were 37 cents.

For the 52 weeks ended August 23:

Earnings increased to $1.71 per share, from $1.70 in the comparable 53-week period last year; orders rose from $142,863,000 to $160,775,000, and sales from $138,739,000 to $151,540,000.

At the September 20 annual shareholders' meeting, over 90 per cent of the shares were voted. Haskins & Sells again were named auditors; an additional 200,000 Tektronix shares were made available for employee stock option; the existing six directors were re-elected, and Earl Wantland, executive vice-president, was added to our board.

Earl, at age 38, combines extensive experience in both domestic and foreign operations.

Earl organized the manufacturing operations of our first foreign plant, on the Isle of Guernsey; organized Tektronix Holland and served as its manager for two years, and was International Manufacturing manager for five years. He was named executive vice-president last January.

Earl has been director of Sony/Tektronix in Tokyo since that subsidiary was formed, and has also served on the boards of Tektronix Guernsey Ltd., Telequipment Ltd., and Tektronix Holland N.V.

The quarter's order figures do not reflect the impact of two new product lines expected to have a major effect on our business. One is the recently introduced 7000 series, a new "family" of high-performance oscilloscopes and mainframes. The other is our type T4002 computer terminal, whose low-cost, high-resolution graphics capability has aroused interest in the field of computer time sharing.

At the annual meeting, I had the great pleasure of demonstrating for the assembled shareholders these products, as well as other new instruments:

The Type 5030, an advanced low-frequency dual-beam oscilloscope, soon to be produced in a storage version also; the Type 576, an improved semiconductor curve-tracer; and the Type 4501 scan-converter unit, which allows the display of stored information on one or several TV-type monitors.

As with all new products, the progression of these instruments from engineering concept through production model doesn't just happen.

Each new instrument model tends to contain a larger proportion of Tektronix-made components, thus assuring performance and value not obtainable through the use of off-the-shelf commercial parts and pieces. Our new instruments contain a very large number of Tek-developed components, including several advanced ones whose manufacture is complex. In addition, these instruments require that a variety of new manufacturing methods be assimilated into our operation, including increased use of computers and numeric-control.

In the last year we have run two "shops"—one producing instruments to sell, the other building new components and readying new manufacturing techniques for products to be introduced. This dual operation, costly but essential, will begin to pay off now as these products come to market.

We have been hiring at a very high rate. Last year we added 900 people; since year's end we have gained nearly 700. This higher-than-usual rate of hiring results in increased costs of training, and a reduction of productive output.

The future, very promising, will require more space than we now have. So, another expense is that of providing new facilities to keep pace with our expected growth. In the past year we have completed a 30,000-square-foot Graphics addition and added 63,000 square feet to our Electrochemistry plant. Relations Techniques Intercontinentales, our marketing subsidiary near Paris, occupied its new 24,000-square-foot building. A 131,000-square-foot building to house cathode-ray-tube and integrated-circuit manufacture will be occupied at Beaverton early in the year.

Other facilities under construction include a 44,000-square-foot addition to the Ceramics building, to be completed in October, and a 30,000-square-foot addition to our plant in The Netherlands, which enables expanded activity, including etched-circuit-board manufacture. Sony/Tektronix in Tokyo will move from leased space into a 40,000-square-foot building of its own before the end of 1969; and renovation of 70,000 feet of acquired space continues at Telequipment Ltd., in London.

A major facilities effort is construction of a 200,000-square-foot manufacturing building, to be completed on our industrial park in the next eight months.

In addition, plans are being redrawn to meet our urgent needs for additional engineering space.

As we move ahead in instrument design, component development, assimilation of advanced processes and addition of excellent facilities, we have not diminished our attention to the growth of our employees. Signups in Tektronix' in-house education program have increased this year from last year's very high level.

In summary: I feel we are a dynamic company, with significant new products; first-class facilities, and industrious and innovative employees.

Once again, our outlook is for an interesting year, and a successful one.

Howard Vollum

President

Tektronix, Inc.
P.O. Box 500
Beaverton, Oregon 97005

FOREGROUND: New component-manufacturing building.

Tektronix, Inc. Interim Report

AUGUST 23, 1969

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

OPERATION

13 WEEKS ENDED Aug. 24 1968	12 WEEKS ENDED Aug. 23 1969	53 WEEKS ENDED Aug. 24 1968	52 WEEKS ENDED Aug. 23 1969	
$32,327	$35,011	$138,739	$151,540	NET SALES
14,562	16,781	62,695	70,830	MANUFACTURING COST OF SALES
17,765	18,230	76,044	80,710	GROSS PROFIT
12,153	13,408	50,497	56,173	EXPENSES
2,706	2,993	11,152	12,554	Selling
3,558	4,259	13,420	16,996	Engineering
2,882	3,383	12,067	13,845	Administration
8	55	32	241	Interest expense
24	157	73	(409)	Non-operating (income) expense
2,975	2,561	13,753	12,946	Employee profit share
5,612	4,822	25,547	24,537	INCOME BEFORE INCOME TAXES
2,607	2,136	11,822	10,719	PROVISION FOR INCOME TAXES
2,028	1,742	9,037	7,869	Federal
171	155	812	834	State
408	239	1,973	2,016	Foreign
3,005	2,686	13,725	13,818	Earnings Before Minority Interest
15	—	120	33	Minority Interest in Earnings
2,990	2,686	13,605	13,785	EARNINGS
37¢	33¢	$1.70	$1.71	EARNINGS PER SHARE

Supplemental information

802	928	3,547	3,949	Depreciation of facilities (mostly accelerated)
36,195	40,319	142,863	160,775	Orders received

CONDITION

Aug. 24 1968	May 31 1969	Aug. 23 1969	
$71,566	$84,313	$80,588	CURRENT ASSETS
12,832	12,220	7,704	Cash including cash earning interest
21,478	27,073	25,146	Accounts receivable — net
7,080	7,613	8,195	Finished inventory
28,810	33,418	35,707	Other inventory
1,366	3,989	3,836	Prepaid expenses and deposits
17,673	26,672	22,043	CURRENT LIABILITIES
171	2,977	3,343	Indebtedness — current portion
3,823	6,248	5,142	Accounts payable
6,965	5,771	6,494	Income taxes
6,714	11,676	7,064	Accrued expenses
53,893	57,641	58,545	WORKING CAPITAL
28,711	36,195	38,411	FACILITIES at depreciated cost
2,786	2,768	2,668	INTANGIBLE ASSETS
1,124	1,268	1,044	INVESTMENTS at cost
(817)	(353)	(353)	LONG-TERM INDEBTEDNESS—less current portion
(724)	—	—	MINORITY INTEREST IN EQUITY
84,973	97,519	100,315	SHAREHOLDERS' EQUITY
5,997	6,196	6,312	Common shares
(1,617)	(23)	(29)	Less treasury shares at cost
80,593	91,346	94,032	Reinvested earnings

Supplemental information

15,900	18,700	24,400	Product unfilled orders at catalog price
10,300	10,600	12,600	Product finished inventory at catalog price
8,019	8,094	8,097	Common shares outstanding
1,714	1,800	1,826	Buildings (thousand square feet)
8,324	8,752	9,436	Employees (number)

To shareowners and employees:

On the face of it, Tektronix' financial results are encouraging. The earnings increase of 15 per cent looks pretty good, and the 22 per cent gain in net sales is certainly substantial.

However, I would like to discuss with you some elements not contained in the statistics, that make my appraisal of our situation in the months to come a cautious one.

One cloudy area is the US economy. Although Tektronix does not deal in large direct government contracts and thus is not subject to their turn-on, turn-off aspects, we still feel it when the economic strings are tightened, as appears at least possible in the year ahead.

Another uncertainty is delivery dates of our advanced new-instrument lines. The multitude of early technical problems inherent in such complex products are being worked out, and the instruments now look reasonably on schedule. Yet neither our new high-performance oscilloscope "family" nor our graphic computer terminal is expected to contribute much to sales until next fiscal year.

The ups and downs of the economy are not predictable, but our expenses are. They will continue to rise. Engineering investment, for instance; while we work hard to get the technical "bugs" out of our newest products, an equally strong effort is progressing toward the development of even more-advanced instruments.

We will continue to add some employees, although the pace will slacken somewhat. Cost of materials and services will almost surely go up; so will our pay rates. So will the expenses related to new facilities.

Buildings under construction include the 131,000-square-foot Electron Devices building, now nearly ready for occupancy, and the 200,000-square-foot Mechanical Products building, to be ready in early summer. A 34,000-square-foot addition to our Ceramics building is essentially completed. In Tokyo, Sony/Tektronix has moved from leased quarters into a 40,000-square-foot building of its own. A 30,000-square-foot addition to Tektronix Holland is nearing completion in Heerenveen. As each building is occupied, we incur additional utilities, maintenance and depreciation costs.

Investment will increase not only in facilities, but also in accounts receivable (a direct result of growth in our business) and in inventory. Because these increases require some borrowing, interest expense in the months just ahead will grow.

A longer-term, more frustrating cost is that necessitated by the Office of Foreign Direct Investment, an agency which, to improve the US balance of payments, restricts investment abroad. To comply with OFDI, we will have to borrow outside the US, at higher interest rates than available here.

Tektronix has always been a significant positive contributor to the US balance of payments; yet we have not been able to get the relief we asked from the onerous and, we feel, unfair requirements of OFDI.

With expenses high, maintaining our earnings must depend on continued healthy sales. Recent sales have been high, fortunately, and our incoming orders suggest this level may continue in the immediate future. Also on the plus side: Although our new instruments are not yet to the delivery stage, response to them at trade shows has been excellent. As demonstrator models are put into the hands of our field engineers, we should see results in the form of orders.

All in all, the picture is like the Oregon weather this time of year—unsettled. But the rain will stop. (As natives point out, it always **has**.) And Tektronix has passed successfully through many such unsettled periods.

Risk and uncertainty prevail in the world about us. The New Year, traditionally a time of promise, is once again disfigured by both new and continuing troubles, that will test both the abilities and the good will of men. In these unsettled days, I hope the holiday season provides you a time of respite and personal happiness.

Howard Vollum

President

Tektronix, Inc.
P.O. Box 500
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Tektronix, Inc. Interim Report

NOVEMBER 15, 1969

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

OPERATION

12 WEEKS ENDED Nov. 16 1968	12 WEEKS ENDED Nov. 15 1969	53 WEEKS ENDED Nov. 16 1968	52 WEEKS ENDED Nov. 15 1969	
$33,426	$40,802	$141,052	$158,916	NET SALES
15,445	19,215	63,932	74,601	MANUFACTURING COST OF SALES
17,981	21,587	77,120	84,315	GROSS PROFIT
12,448	15,103	52,003	58,828	EXPENSES
2,784	3,238	11,508	13,009	Selling
3,791	4,678	14,490	17,883	Engineering
2,938	3,787	12,404	14,694	Administration
7	103	34	337	Interest expense
(31)	(170)	51	(549)	Non-operating (income) expense
2,959	3,467	13,516	13,454	Employee profit share
5,533	6,484	25,117	25,487	INCOME BEFORE INCOME TAXES
2,380	2,884	11,563	11,222	PROVISION FOR INCOME TAXES
1,778	1,970	8,788	8,060	Federal
152	159	783	841	State
450	755	1,992	2,321	Foreign
3,153	3,600	13,554	14,265	Earnings Before Minority Interest
18	—	111	15	Minority Interest in Earnings
3,135	3,600	13,443	14,250	EARNINGS
39¢	44¢	$1.68	$1.76	EARNINGS PER SHARE

Supplemental information

842	1,019	3,612	4,126	Depreciation of facilities (mostly accelerated)
31,852	37,301	142,800	166,620	Orders received

CONDITION

Nov. 16 1968	Aug. 23 1969	Nov. 15 1969	
$70,649	$80,588	$85,444	CURRENT ASSETS
12,023	7,704	5,281	Cash including cash earning interest
20,158	25,146	28,698	Accounts receivable — net
7,242	8,195	8,697	Finished inventory
29,731	35,707	39,295	Other inventory
1,495	3,836	3,473	Prepaid expenses and deposits
14,736	22,043	26,613	CURRENT LIABILITIES
185	3,343	4,126	Indebtedness — current portion
3,586	5,142	4,506	Accounts payable
3,201	6,494	6,867	Income taxes
7,764	7,064	11,114	Accrued expenses
55,913	58,545	58,831	WORKING CAPITAL
29,917	38,411	41,530	FACILITIES at depreciated cost
2,684	2,668	2,575	INTANGIBLE ASSETS
1,140	1,044	1,545	INVESTMENTS at cost
(596)	(353)	(353)	LONG-TERM INDEBTEDNESS—less current portion
(743)	—	—	MINORITY INTEREST IN EQUITY
88,315	100,315	104,128	SHAREOWNERS' EQUITY
5,997	6,312	6,509	Common shares
(1,410)	(29)	(13)	Less treasury shares at cost
83,728	94,032	97,632	Reinvested earnings

Supplemental information

13,800	24,400	20,300	Product unfilled orders at catalog price
9,800	12,600	13,800	Product finished inventory at catalog price
8,028	8,097	8,103	Common shares outstanding
1,728	1,826	1,899	Buildings (thousand square feet)
8,536	9,436	9,908	Employees (number)

To shareholders and employees:

Tektronix has always done a lot of business overseas. More than 35 per cent of our sales are now made there—a very high percentage. This large market abroad has sometimes helped stabilize our business when the domestic market was soft.

This is happening now. Our US orders have declined with the national economy, but overseas sales continue to increase.

Last quarter's figures reflect both trends. The overseas increase didn't quite offset the US decline, but the foreign sales were largely in lower-tax countries. Thus our earnings made a slight gain.

That increase was made on 13 per cent growth in sales. So you can see that our expense levels once again were high.

Those levels were based on a forecast which seemed realistic as the year started last June. It looked then like US orders would continue to grow. But they haven't. So, those expense levels are now too high. We've moved to reduce them.

Those moves include stopping hiring and overtime. We have decreased or deferred capital purchases across a fairly wide spectrum. And, to reduce overhead payroll, we've transferred some nonproduction people to direct production jobs. This last move will increase our ratio of total output to total employees. Because new product designs now comprise such a large part of our line, we believe the risk of building obsolescent inventory is slight.

These are times of national economic slowdown. In such times, it helps us to be a profit-sharing company.

For one thing, we've been able, by living with lower profit share for several periods, to carefully assess our order trend, and avoid overreacting in haste. But the trend is flat—unlike the downturn that has forced some electronics industries into drastic remedial measures.

Also, profit share is a continuing barometer of company performance. Each Tektronix employee knows immediately when there is an extra need to improve. When you get 10,000 people focusing on cost reduction and increased efficiency, you have a **great** force for productivity. Many new or improved ways of doing things have already resulted, which will continue to benefit Tektronix long after these months of recession have passed.

Tektronix introduced four new products at the March IEEE electronics show in New York.

Two of them added to our growing family of "new-generation" oscilloscopes and plug-in units: The Type 7503, a 90 MHz, three-plug-in mainframe, and the Type 7B52 dual-sweep timebase plug-in. The family now totals three mainframes and 15 plug-ins.

The others were the Type 5031 dual-beam low-frequency storage oscilloscope; and the Type S3150 computer-controlled measurement system for testing integrated circuits, which strengthens our position in the growing systems market.

Customer response to these products was very favorable. Our weekly total of outstanding quotes, a pretty good measure of product interest, moves ever higher. There is a great interest in Tektronix products, including new ones; but money nowadays is hard to come by.

How long the US recession will go on is anyone's guess. And guessing is particularly risky in an election year. At any rate, our policy has always been not to issue predictions.

There are some positive aspects to today's situation: Our new oscilloscopes and our computer terminal, after months of varied technical problems, have reached delivery stage. Foreign orders show signs of continuing upward. Economic recessions are at least somewhat responsive to government control, and can't be expected to last forever. Our engineering activity has been reorganized into three groups, each responsible for development of a distinct segment of our product line, and the new Information Display Products group has been formed; these moves will enable us to get new products into production more quickly. And, Tektronix boasts an increasingly trained, increasingly productive work force.

However the US economy turns, we intend for your company to be as strong and responsive as all of us here can make it.

Howard Vollum

President

Tektronix, Inc.
P.O. Box 500
Beaverton, Oregon 97005

FOUR NEW Tektronix products were shown at the March IEEE show in New York, which drew 45,000 persons.

Tektronix, Inc. Interim Report

MARCH 7, 1970

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

OPERATION

16 WEEKS ENDED Mar. 8 1969	16 WEEKS ENDED Mar. 7 1970	53 WEEKS ENDED Mar. 8 1969	52 WEEKS ENDED Mar. 7 1970	
$43,704	$49,294	$144,062	$164,506	NET SALES
20,879	24,001	66,016	77,723	MANUFACTURING COST OF SALES
22,825	25,293	78,046	86,783	GROSS PROFIT
15,929	19,145	53,099	62,044	EXPENSES
3,676	4,463	11,875	13,795	Selling
4,683	6,260	15,230	19,460	Engineering
3,943	5,161	12,702	15,912	Administration
79	241	107	499	Interest expense
(108)	(207)	(182)	(647)	Non-operating (income) expense
3,656	3,227	13,367	13,025	Employee profit share
6,896	6,148	24,947	24,739	INCOME BEFORE INCOME TAXES
3,088	2,254	11,355	10,388	PROVISION FOR INCOME TAXES
2,287	1,342	8,691	7,115	Federal
182	133	744	793	State
619	779	1,920	2,480	Foreign
3,808	3,894	13,592	14,351	Earnings Before Minority Interest
15	—	83	—	Minority Interest in Earnings
3,793	3,894	13,509	14,351	EARNINGS
47.2¢	48.1¢	$1.684	$1.773	EARNINGS PER SHARE

Supplemental information

1,191	1,523	3,701	4,458	Depreciation of facilities (mostly accelerated)
49,443	47,952	153,853	165,130	Orders received

CONDITION

Mar. 8 1969	Nov. 15 1969	Mar. 7 1970	
$76,047	$85,444	$89,327	CURRENT ASSETS
12,627	5,281	5,225	Cash including cash earning interest
22,705	28,698	27,506	Accounts receivable — net
7,571	8,697	10,302	Finished inventory
30,604	39,295	42,960	Other inventory
2,540	3,473	3,334	Prepaid expenses
19,760	26,613	30,890	CURRENT LIABILITIES
3,626	4,126	12,026	Indebtedness — current portion
3,839	4,506	4,773	Accounts payable
4,460	6,867	4,773	Income taxes
7,835	11,114	9,318	Accrued expenses
56,287	58,831	58,437	WORKING CAPITAL
32,952	41,530	45,873	FACILITIES at depreciated cost
2,583	2,575	2,522	INTANGIBLE ASSETS
1,244	1,545	1,645	INVESTMENTS at cost
(570)	(353)	(306)	LONG-TERM INDEBTEDNESS—less current portion
—	—	—	MINORITY INTEREST IN EQUITY
92,496	104,128	108,171	SHAREOWNERS' EQUITY
5,997	6,509	6,672	Common shares
(1,022)	(13)	(27)	Less treasury shares at cost
87,521	97,632	101,526	Reinvested earnings

Supplemental information

19,100	20,300	18,000	Product unfilled orders at catalog price
10,400	13,800	16,700	Product finished inventory at catalog price
8,044	8,103	8,107	Common shares outstanding
1,767	1,899	1,925	Buildings (thousand square feet)
8,661	9,908	10,173	Employees (number)