

## TO SHAREHOLDERS AND EMPLOYEES:

Operating results from our first quarter are an even greater source of pride than the successful fiscal year recently completed.

As the quarter began, there were good reasons to cross our fingers. For one thing, the crack-the-whip effect of the US recession seemed about to reach our segment of the industry. Inflation continued. The strengthening US dollar (which, of course, we applaud) nevertheless worked against making a profit overseas.

Yet, the continuing threat of flat growth didn't materialize this period. Rather, sales, orders and earnings all made gains, ranging from modest to moderate. (They represent a 12-week quarter, compared to 13 weeks the preceding year; and only 11 of those 12 were work weeks, due to a company-wide shutdown.)

The drop in cost of sales, from 49.3 per cent a year ago to 47.2 per cent, spells higher employee productivity—always good news and particularly so in times of inflation.

The quarter's results, and the percentages they represent, are:

- **Sales** increased to \$74,858,000 from \$72,840,000, up 2.8 per cent;
- **Earnings** increased to \$3,760,000 from \$3,310,000, up 8.5 per cent;
- **Earnings per share** increased to 66 cents from 61 cents, up 8.2 per cent;
- Our **unfilled order** total also increased.

Since the end of the quarter, we've resumed some selective hiring. It's being done to adjust imbalances in the work force caused by uneven attrition; it shouldn't be taken to indicate an expected sudden surge in business.

For we're not out of the woods yet, despite the satisfactory quarter. There are just too many question marks. Inflation remains a concern. Currency fluctuations are beyond anyone's ability to forecast. Nor is there any guarantee that the US recession has fully spent itself.

—O—

Our product-line strength continues to increase. At the WESCON electronics show at San Francisco in September, Tektronix once again unveiled a group of new products that brought enthusiastic comment from our booth visitors. Most of these products were described to you in our annual report.

One that wasn't is the LA501 logic analyzer, an entry in the fast-growing field that's being called the "data domain." It's a diagnostic tool specialized for the on-off digital circuitry common to computers and data transmission. A plug-in for our



*AT WESCON SHOW, new Tektronix products brought enthusiastic comment from visitors.*

TM500 modular-instrument mainframes, it can accept up to 16 signals at once.

Also receiving particular attention at WESCON were the 1502 cable tester, which showed its environmental capability by operating flawlessly submerged in a tankful of water; and the TM515 "Traveler," a unique suitcase-format electronics toolkit, enabling combination of up to five TM500 instruments.

Just announced is another important product entry, the 4006-1 terminal. With it, Tektronix continues to lead the way into lower and lower-cost computer graphics. Priced at less than \$3000, the 4006-1 costs the customer no more than many terminals that have only alphanumeric (word and number) capability.

Like our T900 low-cost oscilloscope series, introduced at WESCON, this terminal will broaden the field of use of these products (and—in case an unexpected downturn in the economy should occur—provide a cushion against any scaling-down of customer buying habits.)

—O—

Bringing you up-to-date on two matters of litigation:

- An encouraging step in what has been a historic but tediously slow legal battle occurred in September. The trial judge recommended to the US Court of Claims that \$4,831,772 was reasonable royalties to Tektronix for infringement of its patents by government contractors. He also recommended that an additional \$2,549,401 was reasonable for delayed damages if paid by December 31.

But, wait; the case, which has been in court more than 14 years, still isn't decided. The parties may take exceptions to the recommendation before the full court considers it. Also, the court's decision will be subject to appeal and, if compen-

sation is eventually awarded, to Congressional appropriation.

- The US District Court of Oregon has narrowed the issue in a suit by a woman employee alleging that Tektronix employment practices discriminate against women. The court has ruled that she may not claim to represent all Tektronix women as a class, but only herself.

—O—

At the annual meeting of shareholders September 20 at Beaverton, the board of directors was re-elected; Paul Boley, James Castles, John Gray, Louis Perry, Howard Vollum, Earl Wantland and Frank Warren. Haskins & Sells were once again chosen independent auditors. And our employee share-purchase plan was amended to allow participation by those who work at The Grass Valley Group, Inc., our California subsidiary.

—O—

The move of the Information Display division from Beaverton to our new 250-acre Wilsonville industrial park 20 minutes to the southeast has been completed.

—O—

In summary, what we have reported to you here are positive results earned in a quarter full of negative factors. These results clearly signify the growing competence of our individual organizations and the increased effectiveness of their cooperative effort. With that in evidence, as we look ahead, we too are positive.

*Howard Vollum*

Chairman of the Board

TEKTRONIX, INC.  
P.O. BOX 500  
BEAVERTON, OR 97077

*Earl Wantland*

President



**TEKTRONIX, INC. INTERIM REPORT**  
**First Quarter Ending August 23, 1975**

# Tektronix, Inc. Consolidated with Subsidiaries Unaudited Financial Statements (Thousands)

**Figures Reflect Change From FIFO to LIFO Method of Inventory Accounting**

## INCOME

13 WEEKS ENDED AUG. 24 1974	12 WEEKS ENDED AUG. 23 1975	53 WEEKS ENDED AUG. 24 1974	52 WEEKS ENDED AUG. 23 1975	
\$72,840	\$74,858	\$288,419	\$338,663	NET SALES
61,951	62,696	258,135	288,558	Test and Measurement
10,889	12,162	30,284	50,105	Information Display
35,886	35,296	141,605	159,029	MANUFACTURING COST OF SALES
36,954	39,562	146,814	179,634	GROSS PROFIT
27,476	28,702	108,225	131,423	EXPENSES
10,449	11,013	40,594	49,241	Selling
6,320	6,066	24,491	28,074	Engineering
5,944	5,903	23,800	26,927	Administration
4,291	5,055	18,433	23,021	Employee profit share
917	1,212	1,987	5,061	Interest expense
(445)	(547)	(1,080)	(901)	Other non-operating (income)
9,478	10,860	38,589	48,211	INCOME BEFORE INCOME TAXES
4,168	5,100	17,083	21,431	PROVISION FOR INCOME TAXES
2,449	3,159	11,111	13,110	Federal
380	385	1,454	1,630	State
1,339	1,556	4,518	6,691	Foreign
5,310	5,760	21,506	26,780	EARNINGS
61¢	66¢	\$2.49	\$3.08	EARNINGS PER SHARE

### Supplemental information

44,751	44,981	166,845	196,553	United States Sales
28,089	29,877	121,574	142,110	International Sales
1,858	2,363	7,975	9,893	Depreciation Expense
—	—	20¢	20¢	Dividends per share
82,000	88,000	317,000	336,000	Orders received

## CHANGES IN FINANCIAL POSITION

8,397	21,316	33,647	95,177	WORKING CAPITAL PROVIDED FROM:
5,310	5,760	21,506	26,780	Earnings
1,858	2,363	7,975	9,893	Depreciation of facilities
(72)	(235)	(873)	(1,240)	Earnings 50% owned companies
567	773	2,853	4,592	Deferred income taxes
—	11,307	26	40,459	Long term financing
734	1,348	2,160	14,693	Other
10,273	4,963	36,760	31,417	WORKING CAPITAL USED FOR:
7,317	4,286	28,220	28,675	Additions to facilities
—	—	1,781	1,734	Payment of dividends
2,954	—	6,433	172	Investments
2	677	326	836	Other
(1,876)	16,353	(3,113)	63,760	RESULTING CHANGE IN WORKING CAPITAL

## FINANCIAL POSITION

AUG. 24 1974	MAY 31 1975	AUG. 23 1975	
\$173,061	\$217,075	\$221,122	CURRENT ASSETS
9,801	36,272	47,895	Cash Including cash earning interest
58,464	61,269	61,443	Accounts receivable—net
99,238	111,246	104,489	Inventory
5,558	8,288	7,295	Prepaid expenses
67,016	63,623	51,317	CURRENT LIABILITIES
36,849	12,750	13,352	Indebtedness including current portion
7,433	13,334	6,691	Accounts payable
8,946	12,749	12,621	Income taxes
13,788	24,790	18,653	Accrued expenses
106,045	153,452	169,805	WORKING CAPITAL
66,628	82,620	84,348	FACILITIES at depreciated cost
1,576	983	1,253	INTANGIBLE ASSETS
14,609	5,938	6,167	INVESTMENTS
(635)	(29,835)	(40,798)	LONG-TERM INDEBTEDNESS—less current portion
(7,019)	(10,837)	(11,610)	DEFERRED INCOME TAXES
181,204	202,321	209,165	SHAREOWNERS' EQUITY
12,523	14,258	15,288	Common shares
(595)	(312)	(259)	Less treasury shares at cost
169,276	188,375	194,136	Reinvested earnings

### Supplemental information

81,000	61,000	70,000	Product unfilled orders at catalog price
8,665	8,729	8,772	Common shares outstanding
3,059	3,240	3,408	Buildings (thousand square feet)
13,536	12,664	12,487	Employees (number)

## TO SHAREHOLDERS AND EMPLOYEES:

Our second fiscal quarter resulted in a 19 per cent increase in earnings over the prior year, on a modest 7 per cent increase in net sales. The difference between the two percentages represents a substantial improvement in productivity.

This productivity improvement is particularly good news for three reasons: First, there's little in the business environment to bring it about; inflation continues, labor and materials increase in price, and governmental and social pressures each have their price tags. Second, our industry, and in particular our segment of the industry, hasn't been doing particularly well, with earnings declines common.

Third: Our earnings increase, unlike some we've made, is not attributable to any one or two factors. Instead, it represents an accumulation of many, many things being done better by many, many people. That's what productivity is all about, and that's probably the most encouraging aspect of all.

The figure representing orders received—only 1 per cent above a year ago—is misleadingly low, whereas that of the first quarter was misleadingly high. Our early announcement of a scheduled August 18 general price increase resulted in advance customer ordering, thus distorting the two quarters' respective performance figures.

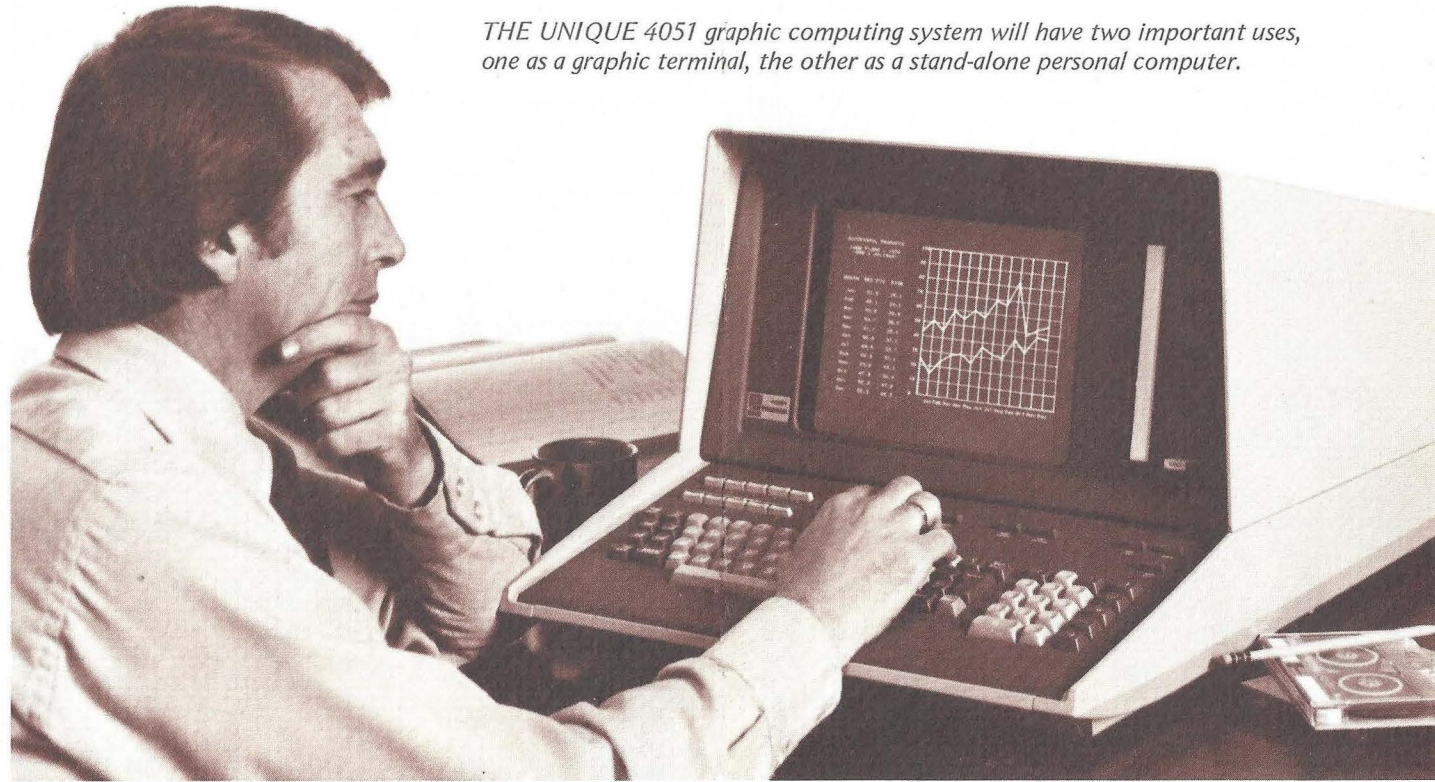
—O—

The second Tektronix industrial park, at nearby Wilsonville, held its official opening ceremonies October 17.

Its occupants, our Information Display Group, were responsible for two exceptional new products introduced this quarter: The 4006-1 low-cost graphic terminal, and the 4051 graphic computing system.

The 4006-1, described to you in some detail in last quarter's report, continues Tek's practice of bringing computer graphics down and down in price. The 4006-1 is price-competitive with most alphanumeric terminals (those that can produce nothing but words and numbers).

The 4051 has no head-on competition. A combination of microprocessor, calculator keyboard and 11-inch graphic storage tube, it can be used not only as a terminal, but also as a stand-alone personal computer. We expect both uses to be important.



THE UNIQUE 4051 graphic computing system will have two important uses, one as a graphic terminal, the other as a stand-alone personal computer.

You need to view this product in a long-term context; for it is a direct, and a planned, out-growth of our calculator program, which began with an acquisition in 1971.

Its tiny microprocessor offers more computing power than most calculators, and more even than some minicomputers. Software packages have been developed for specific scientific and business applications. And, for ease of operation, many routines have been embodied as firmware—that is, built right into the calculator, where they may be activated at the push of a single button.

In the test and measurement area, our new low-cost oscilloscope line, the T900 series, has done even better than we'd forecast, pleasing customers with its price-performance value and with the traditional Tektronix attention to detail, reliability and quality throughout.

—O—

Amid the confusing flurry of "indicators" pointing this way and that, it does appear that US economic recovery is on the way. Customer caution, born of the long recession, is causing the pace of the recovery to be somewhat gradual; and

that's just fine with us. A steeper turn-up would run the serious double risk of not only triggering an industrial "overshoot" reaction but also of refueling the far-from-dead fires of inflation.

—O—

So, all in all—with a brightening economic picture, continuing product leadership and wall-to-wall gains in productivity—we feel pretty good as Tektronix enters a new calendar year.

May that year also bring you and your family your share of challenge, reward and enrichment.

*Howard Vollum*  
Chairman of the Board

*Earl Wautland*  
President

TEKTRONIX, INC.  
P.O. BOX 500  
BEAVERTON, OR 97077



TEKTRONIX, INC. INTERIM REPORT  
Second Quarter Ending November 15, 1975

# Tektronix, Inc. Consolidated with Subsidiaries Unaudited Financial Statements (Thousands)

Figures Reflect Change From FIFO to LIFO Method of Inventory Accounting

## INCOME

12 WEEKS ENDED NOV. 16 1974	12 WEEKS ENDED NOV. 15 1975	25 WEEKS ENDED NOV. 16 1974	24 WEEKS ENDED NOV. 15 1975	53 WEEKS ENDED NOV. 16 1974	52 WEEKS ENDED NOV. 15 1975	
\$77,153	\$82,210	\$149,993	\$157,068	\$302,603	\$343,720	NET SALES
67,191	69,331	129,142	132,027	267,182	290,698	Test and Measurement
9,962	12,879	20,851	25,041	35,421	53,022	Information Display
38,517	38,851	74,403	74,148	149,860	159,362	MANUFACTURING COST OF SALES
38,636	43,359	75,590	82,920	152,743	184,358	GROSS PROFIT
29,067	31,736	56,543	60,437	114,347	134,093	EXPENSES
10,991	12,209	21,440	23,223	43,372	50,459	Selling
6,540	6,471	12,860	12,538	25,868	28,005	Engineering
6,033	6,994	11,977	12,897	25,029	27,888	Administration
4,571	5,615	8,862	10,670	18,132	24,066	Employee profit share
1,243	1,147	2,160	2,359	3,037	4,965	Interest expense
(311)	(700)	(756)	(1,250)	(1,091)	(1,290)	Other non-operating (Income)
9,569	11,623	19,047	22,483	38,396	50,265	INCOME BEFORE INCOME TAXES
4,387	5,463	8,555	10,563	17,024	22,507	PROVISION FOR INCOME TAXES
2,369	3,854	4,818	7,013	10,559	14,594	Federal
352	369	732	755	1,461	1,648	State
1,666	1,240	3,005	2,795	5,004	6,265	Foreign
5,182	6,160	10,492	11,920	21,372	27,758	EARNINGS
61¢	70¢	\$1.22	\$1.36	\$2.48	\$3.18	EARNINGS PER SHARE
Supplemental information						
46,720	48,366	91,472	93,347	177,371	198,198	United States Sales
30,433	33,844	58,521	63,721	125,232	145,522	International Sales
10¢	12¢	10¢	12¢	20¢	22¢	Dividends per share
77,000	78,000	159,000	166,000	333,000	336,000	Orders received

## CHANGES IN FINANCIAL POSITION

7,997	9,609	16,402	30,260	33,990	97,160	
5,182	6,160	10,492	11,920	21,372	27,758	WORKING CAPITAL PROVIDED FROM:
2,017	2,484	3,875	4,847	8,352	10,361	Earnings
(293)	(97)	(365)	(333)	(973)	(1,011)	Depreciation of facilities
641	598	1,208	1,371	3,200	4,549	Earnings 50% owned companies
—	—	—	10,835	—	40,012	Deferred income taxes
450	464	1,192	1,620	2,039	15,491	Long term financing
9,663	5,149	19,943	9,447	39,146	27,274	Other
8,694	3,943	16,011	8,229	33,120	23,924	WORKING CAPITAL USED FOR:
867	1,053	867	1,053	1,731	1,920	Additions to facilities
18	—	2,940	—	3,996	105	Payment of dividends
84	153	125	165	299	1,325	Investments
(1,666)	4,460	(3,541)	20,813	(5,156)	69,886	Other
						RESULTING CHANGE IN WORKING CAPITAL

## FINANCIAL POSITION

NOV. 16 1974	AUG. 23 1975	NOV. 15 1975	
180,025	221,122	221,465	CURRENT ASSETS
7,407	47,895	53,148	Cash including cash earning interest
63,132	61,443	63,141	Accounts receivable—net
103,672	104,489	97,836	Inventory
5,814	7,295	7,340	Prepaid expenses
75,646	51,317	47,200	CURRENT LIABILITIES
44,468	13,352	4,252	Indebtedness including current portion
7,679	6,691	8,295	Accounts payable
6,162	12,621	12,914	Income taxes
17,337	18,653	21,739	Accrued expenses
104,379	169,805	174,265	WORKING CAPITAL
73,118	84,348	85,655	FACILITIES at depreciated cost
1,596	1,253	1,149	INTANGIBLE ASSETS
14,920	6,167	6,184	INVESTMENTS
(786)	(40,798)	(40,670)	LONG-TERM INDEBTEDNESS— (less current portion)
(7,659)	(11,610)	(12,208)	DEFERRED INCOME TAXES
185,568	209,165	214,375	SHAREOWNERS' EQUITY
12,523	15,288	15,338	Common shares
(545)	(259)	(206)	Less treasury shares at cost
173,590	194,136	199,243	Reinvested earnings
Supplemental information			
78,000	70,000	67,000	Product unfilled orders at catalog price
8,667	8,772	8,776	Common shares outstanding
3,032	3,408	3,466	Buildings (thousand square feet)
13,423	12,487	12,689	Employees (number)

#### TO SHAREHOLDERS AND EMPLOYEES:

Although sales continued essentially flat through our fiscal quarter ended March 6, Tektronix earnings rose to a new high of \$9,502,000, up 5 per cent from the same period a year ago. Earnings per share were \$1.08, compared to \$1.04.

Sales were actually slightly better than we had forecast for the tail of the recession. Still, most of the 9 per cent rise must be attributed to the effect of price increases instituted over the past year or so.

Incoming orders, however, showed an encouraging increase of 16 per cent in the quarter, moving to \$111,000,000 from \$96,000,000 in that period a year earlier.

Also encouraging to us was the 8.7 per cent reduction in cost of sales. This decrease, representing countless nuts-and-bolts improvements in the way the job is done, made by many individual employees in many positions, is the kind of cumulative effort that spells improved productivity.

—O—

The ability to maintain our earnings during a time of slight sales growth has resulted in part from organizational and management improvements made during the last three years, and described to you in past annual and interim reports. These include restructuring into five product-line groups, each under the direction of a general manager; and improved methods of business and profit planning.

These improvements gave our managers a new set of tools, that have helped us come through with steadily improving performance in the face of the US economic recession.

—O—

Overseas, SONY/Tektronix, our jointly held Japanese subsidiary in Tokyo, opened an 8,000-square-meter general-purpose plant in the resort city of Gotenba in February. This expansion reflects continued market growth in the East. Demand for our products in Japan has increased more than tenfold in the 11-year history of SONY/Tek.

—O—

At home, a major focus of management attention was a periodic compliance review by auditors representing US Government agencies, to determine our adherence to federal equal-opportunity laws. As in every past review, we were again judged to be in compliance.

The process was time-consuming and costly, and more complicated than has been the case in the past. But one beneficial effect was involvement



*AT NAB SHOW in March, the Grass Valley Group demonstrated its 1600 series video switcher, probably the most advanced production switching system in the television industry. Shadow keying, newly introduced in this monitor, provides greater realism for television special effects production.*

of all our top management in setting future hiring and promotional goals.

—O—

The general economic climate in the months ahead looks pretty good, providing a context that should allow our technical and product leadership and our improving management skills to interact with greatest effect.

*Howard Vollum*

Chairman of the Board

*Earl Wautland*

President

TEKTRONIX, INC.

P.O. BOX 500

BEAVERTON, OR 97077



TEKTRONIX, INC. INTERIM REPORT  
Third Quarter Ending March 6, 1976

# Tektronix, Inc. Consolidated with Subsidiaries

## Unaudited Financial Statements (Thousands)

### INCOME

16 WEEKS ENDED MAR. 8 1975	16 WEEKS ENDED MAR. 6 1976	41 WEEKS ENDED MAR. 8 1975	40 WEEKS ENDED MAR. 6 1976	53 WEEKS ENDED MAR. 8 1975	52 WEEKS ENDED MAR. 6 1976	
\$104,610	\$113,846	\$254,603	\$270,914	\$326,779	\$352,956	<b>NET SALES</b>
93,818	91,977	222,960	224,004	285,977	288,857	Test and Measurement
10,792	21,869	31,643	46,910	40,802	64,099	Information Display
47,979	52,175	122,382	126,323	158,458	163,559	<b>MANUFACTURING COST OF SALES</b>
56,631	61,671	132,221	144,591	168,321	189,397	<b>GROSS PROFIT</b>
40,814	44,703	97,357	105,140	124,484	137,981	<b>EXPENSES</b>
14,989	17,421	36,429	40,644	47,024	52,892	Selling
8,627	8,945	21,488	21,482	27,605	28,322	Engineering
8,172	9,637	20,149	22,535	26,666	29,353	Administration
7,656	8,337	16,516	19,007	20,959	24,748	Employee profit share
1,751	1,334	3,910	3,693	4,413	4,548	Interest expense
(381)	(971)	(1,135)	(2,221)	(2,183)	(1,882)	Other non-operating (Income)
15,817	16,968	34,864	39,451	43,837	51,416	<b>INCOME BEFORE INCOME TAXES</b>
6,796	7,466	15,352	18,029	19,160	23,177	<b>PROVISION FOR INCOME TAXES</b>
4,113	5,584	8,932	12,597	11,925	16,065	Federal
501	585	1,233	1,340	1,584	1,732	State
2,182	1,297	5,187	4,092	5,651	5,380	Foreign
9,021	9,502	19,512	21,422	24,677	28,239	<b>EARNINGS</b>
\$1.04	\$1.08	\$2.25	\$2.44	\$2.85	\$3.23	<b>EARNINGS PER SHARE</b>
Supplemental information						
58,713	64,937	150,185	158,284	191,133	204,422	United States Sales
45,897	48,909	104,418	112,630	135,646	148,534	International Sales
—	—	10¢	12¢	20¢	22¢	Dividends per share
96,000	111,000	255,000	277,000	332,000	351,000	Orders received

### CHANGES IN FINANCIAL POSITION

36,535	14,382	52,814	45,307	62,511	87,979	
9,021	9,502	19,512	21,422	24,677	28,239	<b>WORKING CAPITAL PROVIDED FROM:</b>
2,944	3,605	6,819	8,452	8,939	11,022	Earnings
(219)	(339)	(583)	(671)	(807)	(1,132)	Depreciation of facilities
838	915	2,046	2,286	3,852	4,626	Earnings 50% owned companies
13,500	—	13,652	11,307	13,679	40,012	Deferred income taxes
10,451	699	11,368	2,511	12,171	5,212	Long term financing
9,375	5,703	29,196	15,815	39,462	36,574	Other
9,272	5,110	25,283	13,339	34,110	19,761	<b>WORKING CAPITAL USED FOR:</b>
—	—	867	1,053	1,731	1,920	Additions to facilities
—	—	2,956	—	3,010	—	Payment of dividends
103	593	90	1,423	611	14,893	Investments
27,160	8,679	23,618	29,492	23,049	51,405	Other
<b>RESULTING CHANGE IN WORKING CAPITAL</b>						

### FINANCIAL POSITION

MAR. 8 1975	NOV. 15 1975	MAR. 6 1976	
196,047	221,465	232,869	<b>CURRENT ASSETS</b>
13,468	53,148	61,896	Cash including cash earning interest
65,728	63,141	69,389	Accounts receivable—net
110,421	97,836	93,907	Inventory
6,430	7,340	7,677	Prepaid expenses
64,508	47,200	49,925	<b>CURRENT LIABILITIES</b>
24,432	4,252	3,046	Indebtedness including current portion
7,881	8,295	10,782	Accounts payable
10,959	12,914	13,410	Income taxes
21,236	21,739	22,687	Accrued expenses
131,539	174,265	182,944	<b>WORKING CAPITAL</b>
79,113	85,655	86,878	<b>FACILITIES at depreciated cost</b>
1,428	1,149	1,047	<b>INTANGIBLE ASSETS</b>
5,363	6,184	6,553	<b>INVESTMENTS</b>
(14,259)	(40,670)	(40,158)	<b>LONG-TERM INDEBTEDNESS—</b> (less current portion)
(8,497)	(12,208)	(13,123)	<b>DEFERRED INCOME TAXES</b>
194,687	214,375	224,141	<b>SHAREOWNERS' EQUITY</b>
12,525	15,338	15,500	Common shares
(449)	(206)	(104)	Less treasury shares at cost
182,611	199,243	208,745	Reinvested earnings
Supplemental information			
67,000	67,000	66,000	Product unfilled orders at catalog price
8,671	8,776	8,784	Common shares outstanding
3,294	3,466	3,603	Buildings (thousand square feet)
13,056	12,689	12,778	Employees (number)