

# Tektronix, Inc. Interim Report First Quarter Ending August 21, 1976

## EARNINGS INCREASE MAINTAINS 19-QUARTER UPWARD MOVEMENT

A long trend of year-to-year growth in quarterly earnings continued in Tektronix' first fiscal quarter, which ended August 21, 1976.

Earnings were up 46% on a sales increase of 20% — thus maintaining an upward pattern that has gone on nearly uninterrupted for 19 fiscal quarters. Earnings have exceeded those of the previous year in all those quarters but one. And that one was our own doing, the result of having switched to the more-conservative LIFO method of valuing inventories in Fiscal 1975.

Earnings for the quarter were \$8,419,000 and earnings per share 96¢, up 46% compared with the preceding year's \$5,760,000 and 66¢.

Sales were \$89,543,000, up 20% from \$74,858,000 a year ago. The US portion was \$56,036,000, international sales \$33,507,000.

Unfilled orders increased to \$77,000,000 from \$70,000,000 on incoming orders for the quarter of \$97,000,000.

## 25% INCREASE IN DIVIDEND APPROVED BY BOARD

A semi-annual dividend of 15¢ per share was approved by the Board of Directors, meeting September 18, 1976.

The dividend, a recognition of growing earnings, represents a 25% increase over the two prior 12¢ semi-annual dividends. Prior to that, such dividends had been 10¢ per share since we began paying them in 1972.

The dividend will be payable November 1 on shares of record October 4.

## ANNUAL SHAREHOLDERS MEETING HELD SEPTEMBER 18, 1976

Reports by corporate officers, enhanced by colored slides of Tektronix operations and highlights of the year, were presented at the annual meeting of shareholders held at Tektronix Industrial Park in Beaverton September 18. One highlight was the attendance by a Toledo, Oregon girls' high school class that jointly owns a few Tektronix shares.

Shareholders approved re-election of all seven directors: Paul Boley, James Castles, John Gray, Louis Perry, Howard Vollum, Earl Wantland, and Frank Warren.

They also approved increasing the attractiveness of the employee share purchase plan by fixing the discount at 20%; and ratified the reappointment of Haskins & Sells as independent auditors.

## TEK BOOTH WINS AWARD AT WELL-ATTENDED ELECTRONIC SHOW

The strengthening US economy and electronics industry were reflected in a very well-attended WESCON show at Los Angeles in September. Estimated attendance exceeded 36,000, making it one of the nation's largest electronics events. Tektronix' booth, one of the show's most popular, was of a new modular design that won best-of-show award in its category (booths over 50 feet). The products displayed spanned the current Tek product line.

Interest was particularly high in our logic analyzer, spectrum analyzer and TM-500 product lines. The DFI formatter, which was introduced at this exhibition, has greatly enhanced the capability of the 7DOI logic analyzer system providing five separate modes of data display.



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

## INCOME

12 WEEKS ENDED AUG. 23 1975	12 WEEKS ENDED AUG. 21 1976	52 WEEKS ENDED AUG. 23 1975	52 WEEKS ENDED AUG. 21 1976	
\$74,858	\$89,543	\$338,663	\$381,329	NET SALES
63,179 <sub>r</sub>	70,955	290,019 <sub>r</sub>	310,807	Test and Measurement
11,679 <sub>r</sub>	18,588	48,644 <sub>r</sub>	70,522	Information Display
36,221 <sub>R</sub>	38,376	163,098 <sub>R</sub>	167,849	MANUFACTURING COST OF SALES
38,637	51,167	175,565	213,480	GROSS PROFIT
27,777	35,511	127,354	153,445	EXPENSES
10,088 <sub>R</sub>	12,251	45,172 <sub>R</sub>	57,418	Selling
6,066	7,573	28,074	31,211	Engineering
5,903	7,681	26,927	33,443	Administration
5,055	7,606	23,021	29,084	Employee profit share
1,212	962	5,061	4,507	Interest expense
(547)	(562)	(901)	(2,218)	Other non-operating (income)
10,860	15,656	48,211	60,035	INCOME BEFORE INCOME TAXES
5,100	7,237	21,431	27,287	PROVISION FOR INCOME TAXES
5,760	8,419	26,780	32,748	EARNINGS
66¢	96¢	\$3.08	\$3.73	EARNINGS PER SHARE
Supplemental Information				
44,981	56,036	196,553	228,986	United States Sales
29,877	33,507	142,110	152,343	International Sales
—	—	20¢	24¢	Dividends per share
88,000	97,000	336,000	385,000	Orders received

R: Revised to give effect of reclassification from selling expense to cost of sales of certain costs related to repair services.

r: Revised to give effect to reallocation of parts sales.

## CHANGES IN FINANCIAL POSITION

21,316	12,469	95,177	49,743	WORKING CAPITAL PROVIDED FROM:
5,760	8,419	26,780	32,748	Earnings
2,363	2,708	9,893	11,980	Depreciation of facilities
(235)	(188)	(1,240)	(919)	Earnings 50% owned companies
773	273	4,592	2,379	Deferred income taxes
11,307	177	40,459	282	Long term financing
1,348	1,080	14,693	3,273	Other
4,963	5,291	31,417	24,563	WORKING CAPITAL USED FOR:
4,286	4,427	28,675	18,953	Additions to facilities
—	—	1,734	2,107	Payment of dividends
—	63	172	224	Investments
677	801	836	3,279	Other
16,353	7,178	63,760	25,180	CHANGE IN WORKING CAPITAL

## FINANCIAL POSITION

AUG. 23 1975	MAY 29 1976	AUG. 21 1976	
221,122	248,347	249,274	CURRENT ASSETS
47,895	70,451	72,207	Cash including cash earning interest
61,443	70,138	69,101	Accounts receivable—net
104,489	101,186	102,324	Inventory
7,295	6,572	5,642	Prepaid expenses
51,317	60,540	54,289	CURRENT LIABILITIES
13,352	3,055	5,091	Indebtedness including current maturities
6,691	15,870	11,878	Accounts payable
12,621	13,565	16,314	Income taxes
18,653	28,050	21,006	Accrued expenses
169,805	187,807	194,985	WORKING CAPITAL
84,348	88,563	89,931	FACILITIES at depreciated cost
1,253	891	759	INTANGIBLE ASSETS
6,167	7,059	7,310	INVESTMENTS
(40,798)	(38,601)	(38,014)	LONG-TERM INDEBTEDNESS—(less current maturities)
(11,610)	(13,716)	(13,989)	DEFERRED INCOME TAXES
209,165	232,003	240,982	SHAREOWNERS' EQUITY
15,288	15,707	16,267	Common shares
(259)	(11)	(11)	Less treasury shares at cost
194,136	216,307	224,726	Reinvested earnings
Supplemental Information			
70,000	70,000	77,000	Product unfilled orders at catalog price
8,772	8,792	8,803	Common shares outstanding
3,408	3,705	3,769	Buildings (thousand square feet)
12,487	12,970	13,491	Employees (number)

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# Tektronix, Inc. Interim Report Second Quarter Ending November 13, 1976

## EARNINGS SHOW STILL ANOTHER BIG INCREASE

Tektronix earnings continued their rapid growth through the quarter ended November 13. The 42% increase compared with our 46% earnings growth the quarter before that.

That extended our upward earnings trend to 20 quarters.

Earnings were \$8,722,000 or 99¢ a share, up from \$6,160,000 – 70¢ a share – for the same period a year ago.

Sales totaled \$100,007,000, a 22% increase over \$82,210,000 last year. The US portion was \$65,499,000, or 65% of the total. International sales were \$34,508,000.

Test and Measurement sales increased 12%, to \$78,225,000. Those of our Information Display group were up 72% from the comparable period last year, to \$21,782,000.

The continued strong US orders plus a strengthening of international orders in the last few weeks of the quarter brought overall orders to \$113 million, a 45% gain over the \$78 million a year ago.

Unfilled orders stand at \$90 million. A year ago they were \$67 million.

## LARRY CHORUBY NAMED TO NEW VICE-PRESIDENCY

Larry Choruby, 38, has been appointed vice-president by Tektronix' board of directors, meeting October 21. His position will be Director of Management Information.

This new assignment includes information services, US and international accounting and profit planning.

Larry, who has been with Tek since 1960, designed and implemented our responsibility accounting system and our operating and budget programs, and has made other major innovations in, and improvements to, our operating procedures.

His most recent positions were Budget director and Operations Planning director.



## ANNUAL HOLIDAY VACATION WEEK NEARS

Most Tektronix US employees will be on vacation the week between Christmas and New Year's Day. The only exceptions will be field people who must maintain customer-related activities and a few individuals at Wilsonville and Beaverton responsible for certain vital functions.

The vacation week is an annual happening here. Virtual closure of our operations gives us an opportunity to do much-needed maintenance work that would be far more difficult if processes were operating. The particular week was chosen in response to stated employee preference. It coincides with school vacation, enabling many families to share a long holiday together.

It's Tektronix hope that you and your loved ones will also find the holiday season a warm and joyous one, and that the new year brings you your full share of good fortune.

*ONE OF TEKTRONIX' recent introductions is the 7834 Storage Oscilloscope, shown here with plugins 7A26, 7A19, and 7B80.*



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

## INCOME

12 WEEKS ENDED NOV. 15 1975	12 WEEKS ENDED NOV. 13 1976	24 WEEKS ENDED NOV. 15 1975	24 WEEKS ENDED NOV. 13 1976	52 WEEKS ENDED NOV. 15 1975	52 WEEKS ENDED NOV. 13 1976	
\$ 82,210	\$100,007	\$157,068	\$189,550	\$343,720	\$399,126	NET SALES
69,565r	78,225	132,744r	149,180	291,973r	319,466	Test and Measurement
12,645r	21,782	24,324r	40,370	51,747r	79,660	Information Display
39,912R	44,608	76,133R	82,984	163,520R	176,125	MANUFACTURING COST OF SALES
42,298	55,399	80,935	106,566	180,200	223,001	GROSS PROFIT
30,675	39,253	58,452	74,764	129,935	158,443	EXPENSES
11,148R	14,028	21,238R	26,279	46,301R	56,717	Selling
6,471	8,248	12,538	15,821	28,005	32,987	Engineering
6,994	8,913	12,897	16,594	27,888	35,363	Administration
5,615	7,839	10,670	15,445	24,066	31,307	Employee profit share
1,147	922	2,359	1,884	4,965	4,282	Interest expense
(700)	(697)	(1,250)	(1,259)	(1,290)	(2,213)	Other non-operating (income)
11,623	16,146	22,483	31,802	50,265	64,558	INCOME BEFORE INCOME TAXES
5,463	7,424	10,563	14,661	22,507	29,248	PROVISION FOR INCOME TAXES
6,160	8,722	11,920	17,141	27,758	35,310	EARNINGS
70¢	99¢	\$1.36	\$1.95	\$3.18	\$4.02	EARNINGS PER SHARE

### Supplemental Information

48,366	65,499	93,347	121,535	198,198	246,119	United States sales
33,844	34,508	63,721	68,015	145,522	153,007	International sales
12¢	15¢	12¢	15¢	22¢	27¢	Dividends per share
78,000	113,000	166,000	210,000	336,000	420,000	Orders received

r: Revised to give effect to reallocation of parts sales.

R: Revised to give effect of reclassification from selling expense to cost of sales of certain costs related to repair services.

## CHANGES IN FINANCIAL POSITION

9,609	11,947	30,260	24,416	97,160	51,966	WORKING CAPITAL PROVIDED FROM:
6,160	8,722	11,920	17,141	27,758	35,310	Earnings
-.484	2,957	4,847	5,665	10,361	12,453	Depreciation of facilities
(97)	(375)	(333)	(563)	(1,011)	(1,197)	Earnings of 50% owned companies
598	(122)	1,371	151	4,549	1,659	Deferred income taxes
	104	10,835	281	40,012	281	Long term financing
464	661	1,620	1,741	15,491	3,460	Other
5,149	6,249	9,447	11,540	27,274	25,548	WORKING CAPITAL USED FOR:
3,943	4,566	8,229	8,993	23,924	19,576	Additions to facilities
1,053	1,322	1,053	1,322	1,920	2,376	Payment of dividends
153	361	165	1,225	1,430	3,596	Other
4,460	5,698	20,813	12,876	69,886	26,418	CHANGE IN WORKING CAPITAL

## FINANCIAL POSITION

NOV. 15 1975	AUG. 21 1976	NOV. 13 1976	
221,465	249,274	265,403	CURRENT ASSETS
53,148	72,207	80,414	Cash including cash earning interest
63,141	69,101	73,350	Accounts receivable—net
97,836	102,324	106,170	Inventory
7,340	5,642	5,469	Prepaid expenses
47,200	54,289	64,720	CURRENT LIABILITIES
4,252	5,091	4,561	Indebtedness including current maturities
8,295	11,878	12,116	Accounts payable
12,914	16,314	18,921	Income taxes
21,739	21,006	29,122	Accrued expenses
174,265	194,985	200,683	WORKING CAPITAL
85,655	89,931	91,325	FACILITIES at depreciated cost
1,149	759	698	INTANGIBLE ASSETS
6,184	7,310	7,710	INVESTMENTS
(40,670)	(38,014)	(37,783)	LONG-TERM INDEBTEDNESS— (less current maturities)
(12,208)	(13,989)	(13,867)	DEFERRED INCOME TAXES
214,375	240,982	248,766	SHAREOWNERS' EQUITY
15,338	16,267	16,651	Common shares
(206)	(11)	(11)	Less treasury shares at cost
199,243	224,726	232,126	Reinvested earnings

### Supplemental Information

67,000	77,000	90,000	Unfilled orders
8,776	8,803	8,814	Common shares outstanding
3,466	3,769	3,779	Buildings (thousand square feet)
12,689	13,491	13,534	Employees (number)



# Tektronix, Inc. Interim Report Third Quarter Ending March 5, 1977

## ONCE AGAIN: EARNINGS, SALES UP SUBSTANTIALLY IN QUARTER

Tektronix' healthy growth in earnings continued through its 21st straight quarter, ended March 5. Earnings increased 33 per cent, moving to \$12,658,000 (\$1.43 per share) from \$9,502,000 (\$1.08 per share in the comparable quarter a year ago.

Sales reached \$140,100,000, up 23 per cent from \$113,846,000 for the same quarter last year. The US portion, about 61 per cent of total sales, came to \$84,953,000. International markets accounted for the remaining \$55,147,000.

Test and Measurement Group sales increased 17 per cent, to \$109,148,000. Those of the Information Display Group showed a 49 per cent growth, to \$30,952,000.

Customer orders were high—\$159,000,000—up a substantial 43 per cent from the \$111,000,000 in the same quarter a year earlier.

We're proud of our good, and steady, performance.

Unfilled orders, well up from a year ago, are expected to put some heavy pressures on product deliveries in the months ahead; but, as problems go, that's a pretty handsome kind to have.

## DIVIDEND DOUBLED; 2:1 STOCK SPLIT APPROVED

A doubled dividend on Tektronix common shares was approved by the board of directors March 31, followed by a 2:1 stock split. That means shareowners of record as of April 15 will be issued an additional share for each share already owned. The dividend was doubled to 30 cents, equalling 15 cents per share on the split shares.

## MOVING RIGHT ALONG. . . COURT OF CLAIMS CASE (LATEST CHAPTER)

The U.S. Court of Claims March 23 concluded that Tektronix is entitled to recover \$2,129,808, plus delay damages (interest) to be determined later, for infringement of its patents by US government contractors nearly two decades ago.

As diehard followers of this drawn-out and very complex suit may recognize, the award is less than the trial judge recommended in September 1975, far below what Tektronix felt we had coming—but still a great deal more than the government figured was due us. The trial judge then recommended an award of \$4,831,773 plus compensation for delay. Although the full court accepted most of his reasoning, it didn't go along with the royalty basis he used for determining the award.

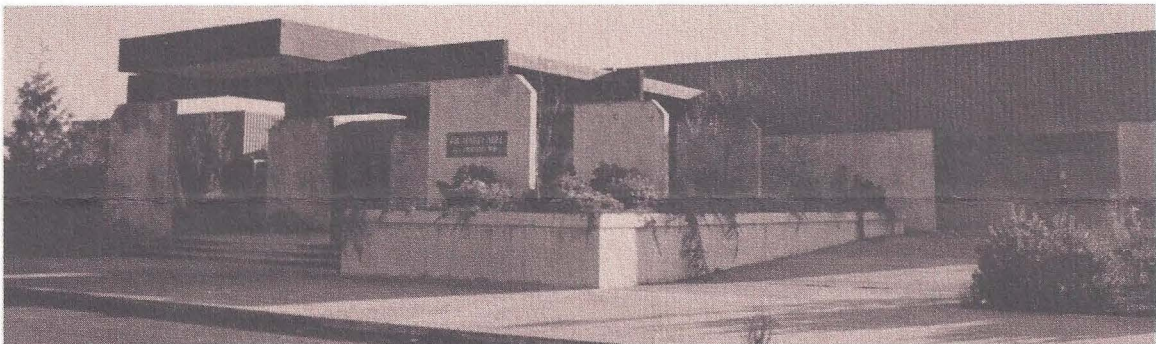
As far as winning or losing goes, we won the suit back in 1971. Then, the full court ruled that our patents were valid and had been infringed, and that we were entitled to "reasonable compensation."

Whatever—and whenever—the final outcome (both parties have the right to seek review of the court's opinion) it will be treated as an adjustment to prior years' earnings.

## WILSONVILLE ADDITION APPROVED; SUNSET PROPERTY TRADED

The board of directors March 31 approved a 103,000-square-foot addition to the Wilsonville plant. The general-purpose building, similar in architecture and exterior brick to the existing two structures, will accommodate expected growth of the Information Display Group, which calls the Wilsonville industrial park home.

Architects are Zimmer, Gunsul, Frasca of Portland. The building is expected to be completed by April 1978.



In January, in negotiations with US National Bank of Oregon, Tektronix exchanged its 100,000-square-foot Sunset plant for 38 acres and a 112,000-square-foot building about four miles west of Beaverton industrial park. The acquisition provides one more avenue for expansion.

The Measurement Systems division has nearly completed its move into the new quarters, formerly owned by an international book-distributing company.

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With the passing of the Sunset plant, an era is ending for us. Someone really should say a few words:

The plant, starting with 23,000 square feet in 1951, grew by chunks and segments for years in a vain try to catch up with company growth. It was our first home in Washington county; and the first building built by and for Tektronix. Because of its visibility along a main highway west of Portland, for many years it "was" Tektronix to thousands of passers-by.

The plant saw the gestation and birth of many of our pace-setting early oscilloscope models. It was also, much later, the first home of the Information Display Group, now one of our fastest-growing businesses.

The bulk of Tek operations shifted to our large industrial park in nearby Beaverton in the late 1950's. However, such is the persistence of memory that, for some time, people can still be expected to point the building out to friends as "The Tektronix plant."

And for many of us, too, the property—however it comes to be used—will still be the "The Sunset plant."

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

## INCOME

16 WEEKS MAR. 6 1976	16 WEEKS MAR. 5 1977	40 WEEKS MAR. 6 1976	40 WEEKS MAR. 5 1977	52 WEEKS MAR. 6 1976	52 WEEKS MAR. 5 1977	
\$113,846	\$140,100	\$270,914	\$329,650	\$352,956	\$425,381	<b>NET SALES</b>
93,038r	109,148	225,782r	258,328	295,347r	335,577	Test and Measurement
20,808r	30,952	45,132r	71,322	57,609r	89,804	Information Display
53,556R	61,306	129,689R	144,290	167,910R	183,876	<b>MANUFACTURING COST OF SALES</b>
60,290	78,794	141,225	185,360	185,046	241,505	<b>GROSS PROFIT</b>
43,322	56,031	101,774	130,795	133,630	171,152	<b>EXPENSES</b>
16,040R	19,416	37,278R	45,695	48,541R	60,092	Selling
8,945	11,922	21,482	27,743	28,322	35,964	Engineering
9,637	12,360	22,535	28,955	29,353	38,086	Administration
8,337	12,113	19,007	27,558	24,748	35,083	Employee profit share
1,334	1,290	3,693	3,174	4,548	4,238	Interest expense
(971)	(1,070)	(2,221)	(2,330)	(1,882)	(2,311)	Other non-operating (income)
16,968	22,763	39,451	54,565	51,416	70,353	<b>INCOME BEFORE INCOME TAXES</b>
7,466	10,105	18,029	24,766	23,177	31,887	<b>PROVISION FOR INCOME TAXES</b>
9,502	12,658	21,422	29,799	28,239	38,466	<b>EARNINGS</b>
\$1.08	\$1.43	\$2.44	\$3.38	\$3.23	\$4.37	<b>EARNINGS PER SHARE</b>

### Supplemental Information

64,937	84,953	158,284	206,487	204,422	266,135	United States sales
48,909	55,147	112,630	123,163	148,534	159,246	International sales
		12¢	15¢	22¢	27¢	Dividends per share
111,000	159,000	277,000	369,000	351,000	468,000	Orders received

r: Revised to give effect to reallocation of parts sales.

R: Revised to give effect of reclassification from selling expense to cost of sales of certain costs related to repair services.

## CHANGES IN FINANCIAL POSITION

14,382	20,280	45,307	44,696	87,979	57,864	<b>WORKING CAPITAL PROVIDED FROM:</b>
9,502	12,658	21,422	29,799	28,239	38,466	Earnings
3,605	3,949	8,452	9,614	11,022	12,797	Depreciation of facilities
(339)	(454)	(671)	(1,017)	(1,132)	(1,312)	Earnings of 50% owned companies
915	377	2,286	528	4,626	1,121	Deferred income taxes
	1,873	11,307	2,154	40,012	2,154	Long term financing
99	1,877	2,511	3,618	5,212	4,638	Other
5,703	5,949	15,815	17,489	36,574	25,794	<b>WORKING CAPITAL USED FOR:</b>
5,110	5,867	13,339	14,860	19,761	20,333	Additions to facilities
		1,053	1,322	1,920	2,376	Payment of dividends
593	82	1,423	1,307	14,893	3,085	Other
8,679	14,331	29,492	27,207	51,405	32,070	<b>CHANGE IN WORKING CAPITAL</b>

## FINANCIAL POSITION

MAR. 6 1976	NOV. 13 1976	MAR. 5 1977	
232,869	265,403	279,548	<b>CURRENT ASSETS</b>
61,896	80,414	83,267	Cash including cash earning interest
69,389	73,350	79,296	Accounts receivable net
93,907	106,170	110,012	Inventory
7,677	5,469	6,973	Prepaid expenses
49,925	64,720	64,534	<b>CURRENT LIABILITIES</b>
3,046	4,561	4,688	Indebtedness including current maturities
10,782	12,116	14,045	Accounts payable
13,410	18,921	17,296	Income taxes
22,687	29,122	28,505	Accrued expenses
182,944	200,683	215,014	<b>WORKING CAPITAL</b>
86,878	91,325	92,062	<b>FACILITIES at depreciated cost</b>
1,047	698	597	<b>INTANGIBLE ASSETS</b>
6,553	7,710	8,186	<b>INVESTMENTS</b>
(40,158)	(37,783)	(39,607)	<b>LONG-TERM INDEBTEDNESS—</b> (less current maturities)
(13,123)	(13,867)	(14,243)	<b>DEFERRED INCOME TAXES</b>
224,141	248,766	262,009	<b>SHAREOWNERS' EQUITY</b>
15,500	16,651	17,236	Common shares
(104)	(11)	(11)	Less treasury shares at cost
208,745	232,126	244,784	Reinvested earnings

### Supplemental Information

66,000	90,000	110,000	Unfilled orders
8,784	8,814	8,826	Common shares outstanding
3,603	3,779	3,899	Buildings (thousand square feet)
12,778	13,534	14,119	Employees (number)



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