



Tektronix, Inc. Interim Report

First Quarter Ending August 20, 1977

■ BOARD INCREASES DIVIDEND AGAIN

The semi-annual dividend per Tektronix common share was increased by the board of directors, meeting September 24, to 24 cents from 15 cents, a 60 per cent increase.

■ EARNINGS, SALES, ORDERS—ALL UP AGAIN

Earnings increased 42 per cent in Tektronix' first fiscal quarter, ended August 20. That makes 23 consecutive quarters of increase.

Sales were up 34 per cent from the comparable quarter a year ago. Test and Measurement group sales increased 34 per cent and those of the Information Display group 35 per cent.

Customer orders were 36 per cent ahead of last year's figure for the same quarter.

Totals were:

Earnings, \$11,958,000, or 67 cents a share, compared with \$8,419,000 or 48 cents a share for the same quarter last year;

Sales, \$120,412,000, compared with \$89,543,000 a year ago. **Test and Measurement sales**, \$95,405,000, compared with \$70,955,000. **Information Display sales**, \$25,007,000, compared with \$18,588,000.

(Of the quarter's sales, the US portion accounted for 66 per cent, international 34 per cent.)

Orders, \$132,000,000, compared with \$97,000,000 last year.

■ WALKER ROAD SITE TO ADD GENERAL-PURPOSE BUILDING

A 210,000-square-foot general-purpose building, to be constructed on our Walker Road property four miles west of Beaverton, was approved by the board of directors in late July, as was a 10,000-square-foot cafeteria there.

The two-story building, whose first occupants will be from our Communications division, essentially uses up the 38-acre site, acquired by Tek last spring. Already on the property at that time was a 113,000-square-foot building; a 67,000-square-foot addition to it will be completed by March. This building is, and the addition will also be, occupied by our Measurement Systems division.

Construction of the new general-purpose structure, to be built of concrete to match the existing buildings, will begin in March and is scheduled for completion by January 1979.

Architects are Zimmer, Gunsul, Frasca of Portland.

■ ANNUAL SHAREHOLDERS MEETING HELD SEPTEMBER 24



A summary by corporate officers of the past successful year, supplemented by audiovisual displays, highlighted the annual meeting of Tektronix shareholders, held on our Beaverton industrial park.

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 three modifications to our 1973 non-qualified stock-option plan, and Haskins & Sells were once again ratified as independent auditors.

In a meeting of the board of directors following the shareholder session, all Tektronix corporate officers were re-elected.

■ TEK BOOTH DRAWS CROWDS (AS USUAL) AT LARGE WESCON SHOW

Bolstered by the improved US economy and spurred by the excitement of new microprocessor-based product types, this year's WESCON electronics show at San Francisco in September had a very large attendance.

Our booth, as usual, was crowded. Interest was strongest in our 8001 and 8002 microprocessor design aids, and in the new 851 digital tester, introduced at the show.

The 851 is a unique product combining the measurement functions of many instruments in one easy-to-use portable (13-pound) unit. It will make it easier for computer service organizations as they continue their search for ways to save labor hours by using more suitable instrumentation.

The 851 does some but not all of the things an oscilloscope can do (it lacks the scope's very useful CRT waveform display); on the other hand, it does some things a scope can't do, and it's faster to learn and simpler to operate.

Response at the show indicates the 851 will be a winner for complex field testing and servicing of computer peripherals, small business systems, industrial-control equipment and other digital devices.

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

INCOME			
12 WEEKS ENDED AUG. 21 1976	12 WEEKS ENDED AUG. 20 1977	52 WEEKS ENDED AUG. 21 1976	52 WEEKS ENDED AUG. 20 1977
\$89,543	\$120,412	\$381,329	\$485,827
70,955	95,405	310,807	380,739
18,588	25,007	70,522	105,088
38,376	52,308	167,849	209,987
51,167	68,104	213,480	275,840
35,511	46,561	153,445	194,207
12,251	15,609	57,418	67,403
7,573	9,662	31,211	40,746
7,681	9,842	33,443	42,452
7,606	11,017	29,084	42,750
962	1,003	4,507	4,170
(562)	(572)	(2,218)	(3,314)
15,656	21,543	60,035	81,633
7,237	9,585	27,287	34,123
8,419	11,958	32,748	47,510
48¢	67¢	\$1.86	\$2.68

Supplemental Information			
56,036	79,366	228,986	307,857
33,507	41,046	152,343	177,970
—	—	12¢	22½¢
97,000	132,000	385,000	548,000

CHANGES IN FINANCIAL POSITION			
12,469	17,814	49,743	70,691
8,419	11,958	32,748	47,510
2,708	3,188	11,980	13,261
(188)	(212)	(919)	(1,762)
273	(304)	2,379	(189)
177	461	282	2,043
1,080	2,723	3,273	9,828
5,291	8,764	24,563	30,658
4,427	6,232	18,953	23,979
—	—	2,107	3,971
864	2,532	3,503	2,708
7,178	9,050	25,180	40,033

FINANCIAL POSITION			
AUG. 21 1976	MAY 28 1977	AUG. 20 1977	
249,274	310,245	306,871	CURRENT ASSETS
72,207	94,954	87,593	Cash including cash earning interest
69,101	87,292	89,667	Accounts receivable-net
102,324	120,925	122,283	Inventory
5,642	7,074	7,328	Prepaid expenses
54,289	84,277	71,853	CURRENT LIABILITIES
5,091	5,382	6,599	Indebtedness due within one year
11,878	22,049	15,176	Accounts payable
16,314	19,645	23,184	Income taxes
21,006	37,201	26,894	Accrued expenses
194,985	225,968	235,018	WORKING CAPITAL
89,931	95,375	98,139	FACILITIES at depreciated cost
759	753	713	INTANGIBLE ASSETS
7,310	8,955	9,214	INVESTMENTS
(38,014)	(42,826)	(40,803)	LONG-TERM LIABILITIES
(13,989)	(14,103)	(13,799)	DEFERRED INCOME TAXES
240,982	274,122	288,482	SHAREOWNER'S EQUITY
16,267	17,914	20,316	Common shares
(11)	(11)	(11)	Less treasury shares at cost
224,726	256,219	268,177	Reinvested earnings

Supplemental Information			
77,000	128,000	140,000	Product unfilled orders at catalog price
17,606	17,675	17,756	Common shares outstanding
3,769	3,906	3,951	Buildings (thousand square feet)
13,491	14,637	15,886	Employees (number)

Tektronix®
COMMITTED TO EXCELLENCE

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Tektronix, Inc. Interim Report

Second Quarter Ending November 12, 1977

■ DIVIDENDS NOW ARE QUARTERLY

Your board of directors, at its meeting December 6, 1977, declared a quarterly dividend of 12 cents per share payable January 16, 1978, to shareholders of record December 30, 1977. This is the company's first quarterly dividend and represents a change from semi-annual payments started in 1972. The most recent semi-annual dividend was 24 cents paid October 24, 1977, up from 15 cents paid May 9, 1977, and 7½ cents paid November 1, 1976.

■ EARNINGS-INCREASE STRING REACHES 24 QUARTERS

Earnings were up in Tektronix' second fiscal quarter, making it the 24th consecutive quarter of year-to-year increase. This increase was 56 per cent — to \$13,570,000 (76 cents per share) from \$8,722,000 (49 cents per share.)

■ ANNUAL SALES EXCEED HALF BILLION

Our sales and incoming orders for the quarter continued to grow. Sales of \$140,287,000 were up 40 per cent from \$100,007,000 a year ago. A landmark of sorts was passed as our moving annual sales exceeded \$500 million, reaching \$526,107,000 by the end of the quarter.

Incoming orders increased 28 per cent to \$145 million from \$113 million for the prior-year quarter.

Sales were distributed this way: **US sales**, \$92,652,000; **International sales**, \$47,635,000. **Test and Measurement sales**, \$108,341,000, up 38 per cent; **Information Display sales**, \$31,946,000, up 47 per cent.

Sustained high business levels, such as we've enjoyed for another year now, buoy an organization; but they also place stern demands on it in terms of human effort.

To build and sell 40 per cent more products than we did a year ago — and the levels even then were high is a whale of a chore. Having done it is a measure of superb performance by many, many people. Once again, we express our deep appreciation to each one of them.

And the increase was made in an orderly way. Because it's so easy to lose control of operations during boom times, we've made a particular effort to maintain visibility of costs and to keep them within reason. This control benefits us in two ways: It contributes immediately to the "profits" column; and it puts us in a stronger position in case economic ill winds should blow. Our intent is to remain on the lean side organizationally.

The pace of our growth also puts strains on our existing facilities. In addition to expansion at all of our three Oregon industrial sites, we're seeking to alleviate that problem through use of rental and leased space.

As the calendar year ends:

To those many individuals and organizations whose contribution has been important to our enterprise over the past year — to our hard-working, impressively competent employees; to our loyal older customers and the many, many newer ones; to our reliable, conscientious suppliers; and to the individual shareholders — may we hope that the new year brings the best of tidings to you and those who matter most to you; that it will be a year of challenge successfully met, and that you will prosper and be happy.



EARL WANTLAND, Tektronix president, recently visited the Grass Valley Group, our subsidiary based in California, to congratulate employees for a good year, and wish of an even better year to come. GVG, premier supplier of television switching equipment, is part of the company's Communications division.

Tektronix, Inc. Consolidated with Subsidiaries

Unaudited Financial Statements (Thousands)

INCOME

12 WEEKS ENDED NOV. 13 1976	12 WEEKS ENDED NOV. 12 1977	24 WEEKS ENDED NOV. 13 1976	24 WEEKS ENDED NOV. 12 1977	52 WEEKS ENDED NOV. 13 1976	52 WEEKS ENDED NOV. 12 1977	
\$100,007	\$140,287	\$189,550	\$260,699	\$399,126	\$526,107	NET SALES
78,225	108,341	149,180	203,746	319,466	410,855	Test and Measurement
21,782	31,946	40,370	56,953	79,660	115,252	Information Display
44,608	63,474	82,984	115,782	176,125	228,853	MANUFACTURING COST OF SALES
55,399	76,813	106,566	144,917	223,001	297,254	GROSS PROFIT
39,253	52,943	74,764	99,504	158,443	207,897	EXPENSES
14,028	19,244	26,279	34,853	56,717	72,619	Selling
8,248	11,220	15,821	20,882	32,987	43,719	Engineering
8,913	11,588	16,594	21,430	35,363	45,126	Administration
7,839	11,410	15,445	22,427	31,307	46,321	Employee profit share
922	916	1,884	1,919	4,282	4,164	Interest expense
(697)	(1,435)	(1,259)	(2,007)	(2,213)	(4,052)	Net non-operating (income) expense
16,146	23,870	31,802	45,413	64,558	89,357	INCOME BEFORE INCOME TAXES
7,424	10,300	14,661	19,885	29,248	36,999	PROVISION FOR INCOME TAXES
8,722	13,570	17,141	25,528	35,310	52,358	EARNINGS
49¢	76¢	97¢	\$1.43	\$2.01	\$2.95	EARNINGS PER SHARE
Supplemental Information						
65,499	92,652	121,535	172,018	246,119	335,010	United States Sales
34,508	47,635	68,015	88,681	153,007	191,097	International Sales
7½¢	24¢	7½¢	24¢	13½¢	39¢	Dividends per share
113,000	145,000	210,000	277,000	420,000	580,000	Orders received

CHANGES IN FINANCIAL POSITION

11,947	18,465	24,416	36,279	51,966	77,209	WORKING CAPITAL PROVIDED FROM:
8,722	13,570	17,141	25,528	35,310	52,358	Earnings
2,957	3,374	5,665	6,562	12,453	13,678	Depreciation of facilities
(375)	(708)	(563)	(920)	(1,197)	(2,095)	Earnings 50% owned companies
(122)	304	151	—	1,659	237	Deferred income taxes
104	350	281	811	281	2,289	Long term financing
661	1,575	1,741	4,298	3,460	10,742	Other
6,249	11,723	11,540	20,487	25,548	36,132	WORKING CAPITAL USED FOR:
4,566	7,368	8,993	13,600	19,576	26,781	Additions to facilities
1,322	4,267	1,322	4,267	2,376	6,916	Payment of dividends
361	88	1,225	2,620	3,596	2,435	Other
5,698	6,742	12,876	15,792	26,418	41,077	CHANGE IN WORKING CAPITAL

FINANCIAL POSITION

NOV. 13 1976	AUG. 20 1977	NOV. 12 1977	
265,403	306,871	334,188	CURRENT ASSETS
80,414	87,593	94,986	Cash including cash earning interest
73,350	89,667	103,695	Accounts receivable—net
106,170	122,283	127,527	Inventory
5,469	7,328	7,980	Prepaid expenses
64,720	71,853	92,428	CURRENT LIABILITIES
4,561	6,599	5,348	Indebtedness due within one year
12,116	15,176	22,224	Accounts payable
18,921	23,184	25,722	Income taxes
29,122	26,894	39,134	Accrued expenses
200,683	235,018	241,760	WORKING CAPITAL
91,325	98,139	101,722	FACILITIES at depreciated cost
698	713	680	INTANGIBLE ASSETS
7,710	9,214	9,934	INVESTMENTS
(37,783)	(40,803)	(41,065)	LONG-TERM LIABILITIES
(13,867)	(13,799)	(14,103)	DEFERRED INCOME TAXES
248,766	288,482	298,928	SHAREOWNER'S EQUITY
16,651	20,316	21,459	Common shares
(11)	(11)	(11)	Less treasury shares at cost
232,126	268,177	277,480	Reinvested earnings
Supplemental Information			
90,000	140,000	145,000	Product unfilled orders at catalog price
17,627	17,756	17,804	Common shares outstanding
3,779	3,951	3,892	Buildings (thousand square feet)
13,534	15,886	16,741	Employees (number)



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Tektronix, Inc. Interim Report

Third Quarter Ending March 4, 1978

EARNINGS AND SALES UP IN QUARTER

March 4 marked Tektronix' 25th straight quarter of year-to-year growth in earnings. The increase this time was 32 per cent, to \$16,651,000 (93 cents per share) from \$12,658,000 (72 cents per share) for the same quarter last year.

Pretax profits in the quarter were somewhat below our expectations. This was primarily due to higher manufacturing costs associated with the high rate of increase of new employees. For the year, pretax income still reflects good performance, however.

Sales and customer orders also made substantial gains in the period.

Sales were \$178,345,000, up 27 per cent from those of a year ago. Customer orders totaled \$204 million, a 28 per cent increase from \$159 million last year. This increased unfilled orders to \$170 million, up from \$110 million a year ago.

The U.S. portion of sales came to \$110,491,000, 62 per cent of the quarter's total; the International segment was \$67,854,000. Sales in the Test and Measurement Group increased 29 per cent, to \$140,835,000. Those of the Information Display Group grew by 21 per cent, reaching \$37,510,000.

As you've probably read elsewhere, the U.S. dollar is having trouble, and has been decreasing in value with respect to many other world currencies. You might expect this to influence our financial reckoning; and it does.

The effect of the declining value of the dollar is reflected not only in translation gains, but also in distorted price, cost and expense relationships; and, with even more-exaggerated emphasis, lower tax rates. This quarter it made our good financial performance look a bit more impressive with a half million of recognized currency gains.

But, one of these days, when the dollar starts a comeback (which history says is likely to happen), the opposite will occur. This will make it tougher to appear so impressive.

CURRENT CONSTRUCTION WILL ADD 17 PER CENT TO TEK'S SPACE

One of the more obvious signs of confidence in continued growth is our current planned investment in new buildings in the greater Portland metropolitan area.

In progress is the largest single expansion in facilities ever to go on at one time at Tektronix. When the six projects on our three industrial parks are completed, we'll have invested about \$35 million in new building construction and added about 650,000 square feet of manufacturing, engineering and administrative space and related facilities to our present 3.9 million square feet.

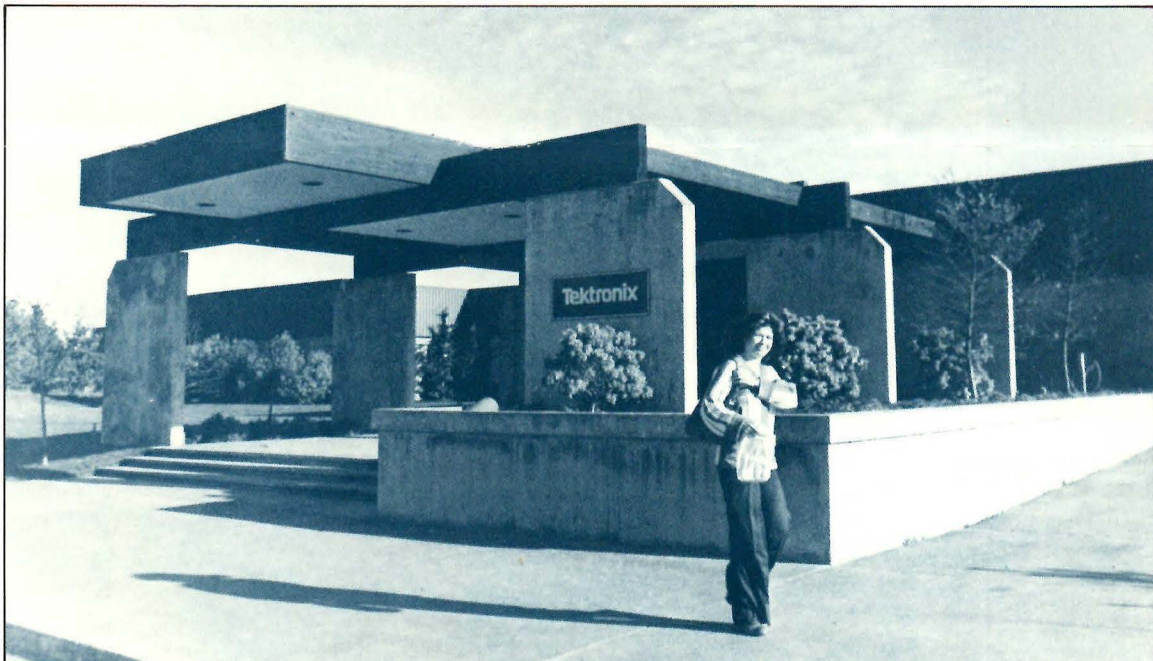
Here's a summary of Tektronix' building program.

At Beaverton—A chemical storage warehouse, 29,000 square feet.

At Walker Road—A 67,000-square-foot addition to the existing building and a 214,000-square-foot, two-level general-purpose building. Like all our newer buildings, the structure is energy efficient; it will feature environmental systems that allow the building to be heated by its lights and employee body warmth. Additionally, a 10,000-square-foot employee cafeteria will be operational by June.

At Wilsonville—A 103,000-square-foot addition to the southeast end of the present building. Occupancy by our Information Display Group is expected by June. Second, a single-story 229,000-square-foot general-purpose building featuring energy-efficient systems.

In addition to these projects, the design of a process building has just been authorized for our Beaverton site. This could add another 200,000 square feet.



EXISTING BUILDING at Walker Road will have a 67,000-square-foot addition. A 214,000-square-foot, two-level general-purpose building will also be located on the Walker Road site.

Tektronix, Inc. Consolidated with Subsidiaries

Unaudited Financial Statements (Thousands)

INCOME

16 WEEKS ENDED Mar. 5 1977	16 WEEKS ENDED Mar. 4 1978	40 WEEKS ENDED Mar. 5 1977	40 WEEKS ENDED Mar. 4 1978	52 WEEKS ENDED Mar. 5 1977	52 WEEKS ENDED Mar. 4 1978	
\$140,100	\$178,345	\$329,650	\$439,044	\$425,381	\$564,352	NET SALES
109,148	140,835	258,328	344,581	335,577	442,542	Test and Measurement
30,952	37,510	71,322	94,463	89,804	121,810	Information Display
61,306	81,483	144,290	197,265	183,876	249,029	MANUFACTURING COST OF SALES
78,794	96,862	185,360	241,779	241,505	315,323	GROSS PROFIT
56,031	70,431	130,795	169,934	171,152	222,297	EXPENSES
19,416	25,953	45,695	60,806	60,092	79,156	Selling
11,922	15,162	27,743	36,044	35,964	46,959	Engineering
12,360	16,488	28,955	37,918	38,086	49,253	Administration
12,113	14,182	27,558	36,609	35,083	48,391	Employee profit share
1,290	1,246	3,174	3,166	4,238	4,120	Interest expense
(1,070)	(2,600)	(2,330)	(4,609)	(2,311)	(5,582)	Net non-operating (income) expense
22,763	26,431	54,565	71,845	70,353	93,026	INCOME BEFORE INCOME TAXES
10,105	9,780	24,766	29,665	31,887	36,674	PROVISION FOR INCOME TAXES
12,658	16,651	29,799	42,180	38,466	56,352	EARNINGS
72 ^c	93 ^c	\$1.69	\$2.37	\$2.18	\$3.17	EARNINGS PER SHARE
Supplemental Information						
84,953	110,491	206,487	282,509	266,135	360,548	United States Sales
55,147	67,854	123,163	156,535	159,246	203,804	International Sales
—	12 ^c	7½ ^c	36 ^c	13½ ^c	51 ^c	Dividends per share
159,000	204,000	369,000	481,000	468,000	625,000	Orders received

CHANGES IN FINANCIAL POSITION

20,280	25,058	44,696	61,337	57,864	81,987	WORKING CAPITAL PROVIDED FROM:
12,658	16,651	29,799	42,180	38,466	56,352	Earnings
3,949	4,807	9,614	11,369	12,797	14,536	Depreciation of facilities
(454)	(1,260)	(1,017)	(2,180)	(1,312)	(2,901)	Earnings 50% owned companies
377	2,440	528	2,440	1,121	2,300	Deferred income taxes
585	1,683	1,529	5,227	1,736	5,817	Proceeds from sale of common shares
3,165	737	4,243	2,301	5,056	5,883	Other
5,949	15,118	17,489	35,605	25,794	45,301	WORKING CAPITAL USED FOR:
5,867	12,812	14,860	26,412	20,333	33,726	Additions to facilities
—	2,139	1,322	6,406	2,376	9,055	Payment of dividends
82	167	1,307	2,787	3,085	2,520	Other
14,331	9,940	27,207	25,732	32,070	36,686	CHANGE IN WORKING CAPITAL

FINANCIAL POSITION

MAR. 5 1977	NOV. 12 1977	MAR. 4 1978	
279,548	334,188	334,620	CURRENT ASSETS
83,267	94,986	83,791	Cash including cash earning interest
79,296	103,695	100,640	Accounts receivable-net
110,012	127,527	141,018	Inventory
6,973	7,980	9,171	Prepaid expenses
64,534	92,428	82,920	CURRENT LIABILITIES
4,688	5,348	7,098	Indebtedness due within one year
14,045	22,224	20,453	Accounts payable
17,296	25,722	16,187	Income taxes
28,505	39,134	39,182	Accrued expenses
215,014	241,760	251,700	WORKING CAPITAL
92,062	101,722	109,241	FACILITIES at depreciated cost
597	680	630	INTANGIBLE ASSETS
8,186	9,934	11,156	INVESTMENTS
(39,607)	(41,065)	(41,062)	LONG-TERM LIABILITIES
(14,243)	(14,103)	(16,543)	DEFERRED INCOME TAXES
262,009	298,928	315,122	SHAREOWNER'S EQUITY
17,236	21,459	23,141	Common shares
(11)	(11)	(11)	Less treasury shares at cost
244,784	277,480	291,992	Reinvested earnings
Supplemental Information			
110,000	145,000	170,000	Product unfilled orders at catalog price
17,652	17,804	17,870	Common shares outstanding
3,899	3,892	3,867	Buildings (thousand square feet)
14,119	16,741	18,202	Employees (number)

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