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## INTERIM REPORT

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### SECOND QUARTER

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# 1991

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#### IMPROVED EARNINGS ON SALES DECLINE

In the second fiscal quarter which ended on November 10, 1990, Tektronix reported a profit of \$11,693,000, compared with a profit of \$463,000 in the prior year's second quarter. Earnings per share were \$0.41, compared with \$0.01 for the same time period last year. Net sales in the second quarter were \$309,357,000, down 6% from \$330,102,000 recorded in last year's second quarter.

The decline in net sales resulted from a decrease in both Test and Measurement and Visual System sales. Test and Measurement sales were 10% below last year's second quarter, at \$169,322,000, reflecting the continued weakness of oscilloscope sales and the exclusion of sales of the Semiconductor Test System division. Visual System sales were 16% below last year's second quarter, at \$63,099,000, primarily from lower sales of graphic terminal and workstation products. Communication sales increased 16% over last year's second quarter, to \$76,936,000. The Communication sales increase came primarily from strong sales growth in television-related products.

U.S. sales in the quarter were down 12% compared to the same quarter of last year and represented 51% of the total. International sales were up 1% from last year's second quarter, reflecting relatively stronger economic conditions in the Company's major international markets and the effect of a weaker dollar.

#### ORDERS DECLINE WHILE BACKLOG SHOWS SMALL INCREASE

Customer orders in the quarter were \$313 million, down 8% from last year's \$340 million. The order comparison for the quarter was adversely impacted by the cancellation of a large order and by the discontinuance of certain businesses. Without these effects, the second quarter's orders would be approximately 1% below the same quarter of last year.

Order strength during the current quarter was concentrated in television-related products and color printers. The Company does not expect continued order growth in its television-related products in the near-term.

#### SECOND QUARTER EARNINGS IMPROVE THROUGH EXPENSE REDUCTIONS

Expense reductions due to restructuring measures taken during last year's third and fourth quarters continued to be a significant contributor to the Company's earnings improvement. Cost of Sales decreased as a percentage of net sales from 52.3% in last year's second quarter to 50.0% in the current quarter. Research and development expense decreased by \$4,715,000, or 10.3%, compared to the same period last year. Selling, general and administrative expenses decreased by \$12,707,000, or 12.1%, compared to last year's second quarter.

#### RESTRUCTURING CHARGE SHOWS SMALL EXPENSE

During the quarter, the results of the Company's sale of property of its closed manufacturing facility on the island of Guernsey, Channel Island significantly offset the impact of the Company's announcement that it would sell or close its workstation business.

The Company expects that any additional charges relating to the withdrawal from the workstation business will be substantially offset by one-time restructuring gains and existing reserves and accruals.

#### NEW PRESIDENT AND CHIEF EXECUTIVE OFFICER

In October, the Board of Directors announced the election of Jerome J. Meyer as president, chief executive officer and director. Mr. Meyer, 52, has had a distinguished electronics industry career. Most recently he was president of the Industrial unit of Honeywell Inc. in Minneapolis.

#### TOTAL DEBT CONTINUED ITS SIGNIFICANT DECLINE

At the end of the second quarter total debt decreased by \$52,076,000, or 27%, from the end of the first quarter primarily through cash flow generated from operations and from the sale of the Company's Guernsey manufacturing facility. Total debt has decreased \$123,647,000, or 47%, compared to the end of last year's second quarter, resulting in a \$1,680,000, or 30.6%, reduction in interest expense in the current quarter compared to the same quarter of last year.

#### STS DIVISION SALE ANNOUNCED

In October, Tektronix announced that Credence Systems Corporation in Fremont, California will acquire the Company's Semiconductor Test System division. The sale is expected to be finalized during the third quarter of this fiscal year.

#### DIVIDEND DECLARED

On November 28, 1990, the Board of Directors declared a quarterly dividend of \$0.15 per share. The dividend will be paid to shareholders of record on January 18, 1991, and is payable on February 4, 1991.

**TEKTRONIX CONSOLIDATED SECOND QUARTER unaudited in thousands**

<b>BALANCE SHEETS</b>	<u>Nov. 10, 1990</u>	<u>Aug. 18, 1990</u>	<u>May 26, 1990</u>	<u>March 3, 1990</u>	<u>Nov. 11, 1989</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 34,272	\$ 26,708	\$ 71,470	\$ 40,931	\$ 49,990	
Accounts receivable	234,861	242,040	246,051	246,028	247,846	
Inventories	149,723	157,359	165,924	201,229	195,317	
Other current assets	36,981	39,689	39,076	39,193	37,032	
Total current assets	455,837	465,796	522,521	527,381	530,185	
Property, plant and equipment - net	351,039	358,010	361,323	359,409	347,509	
Other long-term assets	101,816	93,132	89,444	105,689	129,024	
Total assets	\$ 908,692	\$ 916,938	\$ 973,288	\$ 992,479	\$1,006,718	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Short-term debt	\$ 36,177	\$ 35,189	\$ 85,554	\$ 147,219	\$ 148,441	
Accounts payable	156,225	137,970	142,503	116,100	115,067	
Accrued compensation	95,578	85,436	103,660	83,553	79,968	
Income taxes payable	18,162	13,710	8,147	9,788	609	
Total current liabilities	306,142	272,305	339,864	356,660	344,085	
Long-term debt	102,677	155,741	175,117	114,847	114,060	
Deferred income taxes	33,399	32,165	30,787	28,481	32,165	
Other long-term liabilities	50,242	53,991	42,892	33,440	29,574	
Common stock	167,149	166,972	166,779	166,526	167,421	
Retained earnings	196,253	188,920	183,910	253,948	283,816	
Currency adjustment	52,830	46,844	33,939	38,577	35,597	
Total shareholders' equity	416,232	402,736	384,628	459,051	486,834	
Total liabilities and shareholders' equity	\$ 908,692	\$ 916,938	\$ 973,288	\$ 992,479	\$1,006,718	
<b>STATEMENTS OF OPERATIONS</b>						
	<u>12 weeks to Nov. 10, 1990</u>	<u>12 weeks to Nov. 11, 1989</u>	<u>24 weeks to Nov. 10, 1990</u>	<u>24 weeks to Nov. 11, 1989</u>	<u>52 Weeks to Nov. 10, 1990</u>	<u>52 Weeks to Nov. 11, 1989</u>
Net sales:						
Products and components	\$ 278,223	\$ 299,633	\$ 551,408	\$ 565,492	\$1,260,423	\$1,288,574
Services	31,134	30,469	60,399	58,694	135,451	131,363
Total net sales	309,357	330,102	611,807	624,186	1,395,874	1,419,937
Cost of sales:						
Products and components	136,757	156,057	279,108	296,298	644,262	660,952
Services	17,938	16,739	34,002	31,094	72,520	67,947
Total cost of sales	154,695	172,796	313,110	327,392	716,782	728,899
Gross profit	154,662	157,306	298,697	296,794	679,092	691,038
Research and development expenses	41,096	45,811	78,724	88,791	184,512	193,692
Selling, general, and administrative expenses	92,460	105,167	177,979	199,791	427,988	455,489
Restructuring charges	135	0	385	0	80,366	0
Operating income (loss)	20,971	6,328	41,609	8,212	(13,774)	41,857
Interest expense	3,803	5,483	8,421	10,142	22,217	23,211
Non-operating income (expense)	1,201	3,393	1,953	2,513	208	8,096
Earnings (loss) before taxes	18,369	4,238	35,141	583	(35,783)	26,742
Income taxes	6,676	3,775	14,056	1,984	34,326	23,889
Net earnings (loss)	\$ 11,693	\$ 463	\$ 21,085	\$ (1,401)	\$ (70,109)	\$ 2,853
Earnings (loss) per share	\$ 0.41	\$ 0.01	\$ 0.73	\$ (0.05)	\$ (2.41)	\$ 0.09
Dividends per share	0.15	0.15	0.30	0.30	0.60	0.60
<b>SELECTED SUPPLEMENTAL INFORMATION</b>						
	<u>12 weeks to Nov. 10, 1990</u>	<u>12 weeks to Nov. 11, 1989</u>	<u>24 weeks to Nov. 10, 1990</u>	<u>24 weeks to Nov. 11, 1989</u>	<u>52 Weeks to Nov. 10, 1990</u>	<u>52 Weeks to Nov. 11, 1989</u>
Customer orders	313,000	340,000	610,000	650,000	1,406,000	1,411,000
Test and Measurement sales	169,322	188,475	337,970	358,087	779,388	842,380
Visual Systems sales	63,099	75,303	123,280	139,107	291,433	287,469
Communications sales	76,936	66,324	150,557	126,922	325,053	290,088
United States sales	157,114	179,172	317,149	339,802	735,095	758,878
International sales	152,243	150,930	294,658	284,384	660,779	661,059
Facilities expenditures	15,683	21,118	26,013	36,516	86,581	85,287
Depreciation expense	16,653	15,862	33,387	31,342	75,170	73,950
Dividends	4,360	4,341	8,742	8,692	17,454	17,315
Unfilled orders	\$ 236,000	\$ 232,000	\$ 249,000	\$ 249,000	\$ 237,000	\$ 237,000
Number of shares outstanding	29,154	29,067	29,050	29,117	28,940	28,940
Number of employees	12,392	12,722	13,941	14,826	15,136	15,136