

Consolidated Balance Sheets (unaudited)

(In thousands except per share amounts and employees)	February 27, 1993	March 7, 1992
Assets		
Current Assets:		
Cash and cash equivalents	\$ 14,572	\$ 28,497
Accounts receivable – net	215,536	216,875
Inventories	207,801	221,389
Other current assets	36,430	35,568
Total current assets	474,339	502,329
Property, plant and equipment	818,497	835,280
Accumulated depreciation and amortization	(554,706)	(546,233)
Property plant and equipment – net	263,791	289,047
Property held for sale	33,476	32,518
Long-term deferred tax assets	56,942	0
Other long-term assets	126,038	117,627
Total Assets	<u>\$ 954,586</u>	<u>\$ 941,521</u>
Liabilities and Shareholder's Equity		
Current Liabilities		
Short-term debt	\$ 80,301	\$ 74,089
Accounts Payable	114,607	123,088
Accrued Compensation	76,797	85,466
Income Taxes	2,257	0
Total current liabilities	273,962	282,643
Long-term debt	77,251	83,836
Deferred income taxes		35,407
Other long-term liabilities	104,644	47,636
Shareholder's equity:		
Common stock	184,839	175,271
Retained earnings	279,885	264,628
Currency adjustment	34,005	52,100
Total shareholder's equity	498,729	491,999
Total liabilities and shareholder's equity	<u>\$ 954,586</u>	<u>\$ 941,521</u>
Number of shares outstanding	30,204	29,590
Number of employees	10,191	11,464

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**1993
Interim
Report**

**THIRD
QUARTER**

To our shareholders:

The third fiscal quarter was a good one for Tektronix, although orders and sales growth are still slower than we would like. The financial results for the quarter met our expectations. We are on target to meet the goal announced at the last Annual Meeting of Shareholders of a \$30 million reduction in overhead this year. We also have seen a solid increase in productivity so far this year.

Earnings for the third fiscal quarter were \$9.1 million or \$.30 per share. Net Sales for the quarter were \$311.2 million.

For the first three quarters of the fiscal year, Tektronix reported Net Sales of \$949.3 million, a decline of 4 percent over the same period for the prior fiscal year. Net Earnings were \$27.0 million for the three quarters ended February 27, 1993, or \$.90 per share, compared with Net Earnings of \$14.8 million or \$.50 per share in 1992.

The third quarter results were essentially as we expected. We were particularly pleased to be able to achieve the savings levels we targeted and achieve an increase in earnings of 76 percent—on a comparable basis—with the same quarter last year.

Year to year comparisons are complicated because the third quarter this year had three fewer weeks. Next quarter will complete a transition from a fiscal year with quarters of 12, 12, 16 and 12 operating weeks to one with four quarters of 13 weeks each. Also, there was a restructuring charge in last year's third quarter.

On a comparable basis—that is, if fiscal 1992 third quarter had been only thirteen weeks long, and if the restructuring charge was eliminated—Net Sales in the third quarter of 1992 would have been \$320.8 million with earnings of \$5.2 million. Consequently, a more appropriate comparison of year-to-year third quarter results would show a Net Sales decline of \$9.6 million, or 3 percent, and an earnings increase of \$3.9 million, or 76 percent.

For the 39 weeks, sales were \$949.3 million, compared to \$986.6 million in 41 weeks last year. This is a decrease on an unadjusted basis and an increase of about \$10 million on an adjusted basis. Orders for the thirteen week third quarter were \$308 million, compared with \$380 million in the sixteen week third quarter of 1992. Order backlog has declined because of improvements in cycle time and other factors.

The Company's Computer Graphics sales continued to grow. Color printers and terminals provided \$85.4 million in Net Sales. These products benefit from a trend toward increasing use of color in personal computing applications. Computer Graphics is ahead of last year on a year-to-date basis and for the third quarter on an adjusted basis. Television Systems Net Sales were \$61.2 million. Television Systems is slightly behind last year on a year-to-date basis and was behind in the third quarter, even on an adjusted basis. Test and Measurement Net Sales were \$164.6 million. Test & Measurement revenues continue to be below last year both quarterly and year to date, partially due to reduced defense and military spending in many countries.

Results by geographic region were mixed. We continue to note significant differences in markets around the world. Results in the United States reflect improvements in the economy. Our international sales have weakened as the economies of many countries experience some difficulty. Our performance in Europe was good in comparison to the overall performance of European economies in the quarter. Our Japanese business, however, remains weak.

Tektronix also introduced a number of new products in the quarter including two new low cost color printers that set new price and performance standards and a new low cost digital oscilloscope.

The Company's color printers won four major industry awards in the quarter, a reflection of continuing strong market acceptance. The two new color printers introduced in December set new price to performance standards for the product category. One of them, the Phaser 200e, brings quality color printing to computer networking applications for a suggested list price of only \$3,695.

The Company also noted continued improvements in productivity, as measured by sales per employee. The increase in sales per employee was 13.8 percent on an

annualized basis for the nine months, without adjustment. Annualized sales per employee after 39 weeks this year were over \$124,000, compared to under \$110,000 for 41 weeks last year. At the end of the quarter, the Company had 10,191 employees, compared with 10,502 at the beginning of the quarter and 11,464 at the end of last year's third quarter.

Progress was also made during the quarter to improve manufacturing operations that should provide better inventory control and improved product quality. In addition, a reduction in cycle times has led to reduced order backlog. This makes the Company's future quarterly results more dependent upon the orders received and shipped within each fiscal quarter.

We continue to add highly qualified people to the Tektronix management team. During the past quarter, Daniel W. Castles became the new vice president of the Television Products Division and Roy Barker became the new vice president of the Graphics Printing & Imaging Products Division. Both were formerly general managers of these divisions.

Castles has been with Tektronix since 1978. He held various operational and management positions including division controller and manufacturing manager and has been general manager of the Television Products Division since 1988.

Barker came to Tektronix in 1984 from Hewlett-Packard. A year later he was appointed general manager of the Graphics Printing and Imaging Division. Under his management the color printer business has grown from near zero to become Tektronix' second largest and fastest growing division.

Carl W. Neun is Tektronix' new Vice President and Chief Financial Officer. Neun was formerly Senior Vice President of Administration and Chief Financial Officer of Conner Peripherals, Inc., San Jose, California. Neun has held top management positions with Plexus Computers, Shugart Associates, Inc., Xerox Corporation, and Burroughs Corporation.

John P. Karalis, Vice President Corporate Development, has been named Secretary and will assume management responsibility for Tektronix' legal affairs in addition to his current responsibilities for acquisitions, joint ventures, corporate communications, and real estate. Karalis, who joined Tektronix in 1992, previously served as Senior Vice President and General Counsel for Sperry Corporation and as Vice President and General Counsel of Apple Computer, Inc.

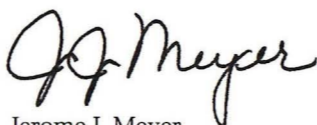
We also bid farewell to two longtime Tektronix executives. In December, Lawrence R. Kaplan, Vice President, resigned his position to pursue other business interests. And in late February, R. Allan Leedy, Jr., Vice President, Secretary and General Counsel resigned to return to private law practice.

At its meeting on March 31, 1993, the Board of Directors declared a regular quarterly dividend of \$0.15 per share, payable May 3, 1993 to shareholders of record on April 16, 1993.

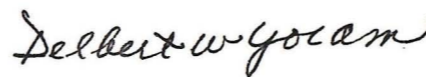
We remain optimistic about our potential for continued improvement. While we have been disappointed by the results in a few areas—primarily because of poor economic conditions in certain international markets and a weakness in certain end-user markets—the situation in the United States is improving. This bodes well for our business.

We appreciate your continued support in our efforts to build a superior company that provides excellent returns for our shareholders.

Sincerely,



Jerome J. Meyer
Chairman & CEO



Delbert W. Yocam
President & COO

Consolidated Statements of Operations (unaudited)

(In thousands except per share amounts)	13 weeks to February 27, 1993	16 weeks to March 7, 1992	39 weeks to February 27, 1993	41 weeks to March 7, 1992
Net Sales	\$ 311,233	\$ 394,813	\$ 949,342	\$ 986,580
Operating costs and expenses:				
Cost of sales	160,071	201,105	489,834	493,816
Research and development	38,269	50,851	116,312	128,606
Selling, general, and administrative	94,460	122,698	290,769	307,393
Restructuring		17,298		17,298
Total operating costs and expenses	292,800	391,952	896,915	947,113
Equity in joint venture earnings (losses)	(825)	(396)	(2,376)	2,142
Operating income	17,608	2,465	50,051	41,609
Interest expense	2,336	3,125	7,463	8,531
Non-operating expense	1,432	2,308	6,642	8,413
Earnings before taxes	13,840	(2,968)	35,946	24,665
Income taxes	4,706	(82)	12,222	9,866
Earnings before cumulative effects of accounting changes	9,134	(2,886)	23,724	14,799
Cumulative effects of accounting changes:				
Income taxes	--	--	38,100	--
Postretirement benefits (net of tax)	--	--	(34,775)	--
Net earnings	\$ 9,134	\$ (2,886)	\$ 27,049	\$ 14,799
Earnings per share before cumulative effects of accounting changes	\$0.30	\$(0.10)	\$0.79	\$0.50
Earnings per share	0.30	(0.10)	0.90	0.50
Dividends per share	0.15	0.15	0.45	0.45
Average shares outstanding	30,084	29,571	29,902	29,457
<i>Selected Supplemental Information</i>				
Customer orders	\$ 308,000	\$ 380,000	\$ 958,000	\$ 974,000
Test and Measurement Sales	164,593	212,192	499,257	554,052
Television Systems Sales	61,193	82,105	198,445	208,092
Computer Graphics Sales	85,447	100,516	251,640	224,436
United States Sales	165,227	195,466	514,844	501,251
International Sales	146,006	199,347	434,498	485,329
Facilities Expenditures	12,554	23,487	38,226	51,767
Depreciation Expense	15,726	20,796	46,498	48,766
Dividends	4,514	4,402	13,440	13,178