

**For Immediate Release**

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## **Tektronix Reports Third Quarter Fiscal 2002 Results**

*With Eye Toward the Future, Company Continues Strategic Investments,  
Delivers Industry-Leading Products*

BEAVERTON, Ore., March 14, 2002 – Tektronix, Inc. (NYSE: TEK) today reported net sales of \$203.6 million and net income, before non-recurring expenses, of \$12.0 million or \$0.13 per share, for the third quarter of fiscal year 2002 ending February 23, 2002. This compares with sales of \$326.9 million and net income, before non-recurring credits, of \$35.5 million or \$0.37 per share, for the same period last year. Including non-recurring items, net income for the third quarter of fiscal year 2002 was \$10.4 million or \$0.11 per share, as compared with \$41.0 million or \$0.43 per share, for the same period a year ago.

“We continue seeing the benefits of our aggressive investments in technology and development over the last few years with significant product introductions during this quarter and the next,” said Rick Wills, Tektronix Chairman and CEO. “We introduced and shipped the world’s fastest oscilloscope – the TDS6604, the result of the combination of our leadership position in performance oscilloscopes and the IBM (NYSE: IBM) silicon germanium (SiGe) technology. We announced the expansion of that investment and our agreement with IBM to deploy next-generation 0.18um SiGe technology into future products to remain the performance leader in our instruments business.”

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“From an operations perspective, the quarter went as we expected and I am pleased with our financial performance. Our employees around the world have done an outstanding job scaling expenses for current business levels. The management team continues to use a deliberate and surgical approach to take the appropriate actions to meet profitability targets, preserve key investments, and meet the needs of our customers in this challenging environment.”

Wills continued, “We are seeing good customer response to new products and we saw signs that our orders are stabilizing. Although we anticipate pockets of improvement over the next couple of quarters, we do not expect to see significant, sustainable improvements in our markets until the end of the calendar year at the earliest.”

For the fourth quarter of fiscal 2002, the company expects sales to be down 30 - 35% over the same period a year ago, but expects a modest sequential increase in orders, primarily due to normal seasonal patterns and new product introductions. Operating margins are expected to be in the mid-single digits, excluding non-recurring expenses. The company expects non-recurring expenses in the fourth quarter of \$5 - 10 million as part of the ongoing effort to manage the company's cost structure.

“We remain focused this quarter on delivering market-leading products and managing our operations to deliver results. Tektronix has remained strong through this challenging time. As we move through this cycle, we are positioning the company to emerge even stronger. We are working intimately with our customers to understand their technology requirements and are investing in technologies that will meet those needs. We are pursuing new opportunities to apply our leading technology and remain focused on delivering results to our shareholders,” concluded Wills.

## Quarter Highlights

During the third quarter of fiscal 2002, the company announced the following:

- The TDS6604 digital storage oscilloscope (DSO), the world's fastest at 6 Gigahertz (GHz), and Tektronix' second-generation, high-performance silicon germanium (SiGe) instrument, provides engineers designing high-speed digital systems with advanced debug and analysis capabilities that are unmatched in today's market.
- An important new third-generation (3G) measurement capability for its proven, portable base station field tool. As the first field tool to provide UMTS/WCDMA test capability, the Tektronix NetTek™ base transceiver station (BTS) tool with Options WD1 and WR1 enables mobile network operators to take the lead in pursuit of next-generation mobile services while also maintaining their second-generation (2G) infrastructures.
- The world's first silicon germanium-based fully digital optical jitter measurement tool, the OTS9200 Jitter Analysis Module, a breakthrough measurement instrument that will help equipment manufacturers accelerate design and production of 10 gigabits-per-second (Gb/s) SONET/SDH equipment for networks. The module is built on Tektronix' patented Digital Phase Analysis (DPA) technology, an innovative, industry-leading jitter analysis approach to test optical communications networks.
- Tektronix announced added capabilities to its popular communications signal analyzer, the CSA8000B, with the introduction of two new optical sampling modules aimed at the 10-gigabit Ethernet (10 GbE) and Optical Transport Network (10 Gb OTN) markets.
- RadioMobil, a division of Deutsche Telekom Group, one of the world's largest telecommunications companies, invested \$4 million in Tektronix' complete mobile network monitoring system for nine sites in all major cities throughout the Czech Republic.
- Harris Corporation, the leader in advanced transmitter equipment and systems for digital television operations in the United States, selected Tektronix' video test gear as a key component of its turnkey transmitter solutions.

Tektronix will be discussing its third quarter results and future guidance on a conference call today, beginning at 1:30 p.m. Pacific Standard Time (PST). A live Webcast of the conference call will be available at [www.tektronix.com/ir](http://www.tektronix.com/ir). A replay of the Webcast will be available at the same Web site through Friday, March 29, 2002.

Statements and information in this press release that relate to future events or results (including the Company's expectations as to sales, operating margins, expenses, market position, new products and acquisition of Sony/Tektronix) are based on the Company's current expectations. They constitute forward-looking statements subject to a number of risk factors, which could cause actual results to differ materially from those currently expected or desired. Those factors include: worldwide economic and business conditions in the electronics, communications, computer and advanced technologies industries, including the length and severity of the current downturn, which is unknown; changes in order rates and customer cancellations, including changes in seasonal buying habits;

competitive factors, including pricing pressures, technological developments and new products offered by competitors; changes in product and sales mix, and the related effects on gross margins; the Company's ability to deliver a timely flow of competitive new products, and market acceptance of these products; the availability of parts and supplies from third-party suppliers on a timely basis and at reasonable prices; inventory risks due to changes in market demand or the Company's business strategies; changes in effective tax rates; currency fluctuations; the ability to develop effective sales channels; the ability to successfully acquire and integrate the Sony/Tektronix acquisition; the ability to reduce expenditures to adjust to the current downturn while at the same time maintaining the capacity and resources to quickly ramp up if and when a recovery occurs; and, generally, the Company's ability to execute successfully during the current downturn. Further information on factors that could cause actual results to differ from those anticipated is included in filings made by the Company from time to time with the Securities and Exchange Commission, including but not limited to, annual reports on Form 10-K and the quarterly reports on Form 10-Q.

#### About Tektronix

Tektronix, Inc. is a test, measurement, and monitoring company providing measurement solutions to the communications, computer, and semiconductor industries worldwide. With more than 55 years of experience, Tektronix enables its customers to design, build, deploy, and manage next-generation global communications networks, computing and advanced technologies. Headquartered in Beaverton, Oregon, Tektronix has operations in 24 countries worldwide. Tektronix' Web address is [www.tektronix.com](http://www.tektronix.com).

Consolidated Statements of Operations

(In thousands, except per share amounts)	Quarter Ended		Three Quarters Ended	
	Feb. 23, <u>2002</u>	Feb. 24, <u>2001</u>	Feb. 23, <u>2002</u>	Feb. 24, <u>2001</u>
Net sales	\$ 203,604	\$ 326,854	\$ 634,819	\$ 930,188
Cost of sales	<u>102,482</u>	<u>158,492</u>	<u>318,539</u>	<u>449,338</u>
Gross profit	101,122	168,362	316,280	480,850
Gross margin	49.7%	51.5%	49.8%	51.7%
Research and development expenses	28,986	40,823	94,529	113,756
Selling, general and administrative expenses	55,515	81,235	173,557	234,001
Equity in business ventures' loss (earnings)	1,503	148	3,108	(946)
Gain on sale of the Video and Networking division	-	-	-	(1,456)
Non-recurring charges (credits)	2,353	(9,104)	14,725	(9,356)
Other operating expense, net	<u>391</u>	<u>334</u>	<u>4,222</u>	<u>3,226</u>
Operating income	12,374	54,926	26,139	141,625
Other income, net	<u>3,679</u>	<u>12,794</u>	<u>13,381</u>	<u>24,784</u>
Earnings before taxes	16,053	67,720	39,520	166,409
Income tax expense	<u>5,619</u>	<u>26,716</u>	<u>13,832</u>	<u>61,257</u>
Net earnings from continuing operations	10,434	41,004	25,688	105,152
Discontinued operations:				
Gain on sale of Color Printing and Imaging division (less applicable income tax expense of \$504)	<u>-</u>	<u>-</u>	<u>937</u>	<u>-</u>
Net earnings	<u>\$ 10,434</u>	<u>\$ 41,004</u>	<u>\$ 26,625</u>	<u>\$ 105,152</u>
Earnings per share - basic	\$ 0.11	\$ 0.43	\$ 0.29	\$ 1.11
Earnings per share - diluted	\$ 0.11	\$ 0.43	\$ 0.29	\$ 1.09
Earnings per share from continuing operations - basic	\$ 0.11	\$ 0.43	\$ 0.28	\$ 1.11
Earnings per share from continuing operations - diluted	\$ 0.11	\$ 0.43	\$ 0.28	\$ 1.09
Earnings per share from discontinued operations - basic and diluted	\$ -	\$ -	\$ 0.01	\$ -
Weighted average shares outstanding - basic	91,316	94,695	91,629	94,907
Weighted average shares outstanding - diluted	92,428	96,273	92,419	96,752

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Consolidated Balance Sheets

(In thousands)	<u>Feb. 23, 2002</u>	<u>May 26, 2001</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 273,037	\$ 292,429
Short-term marketable investments	201,264	282,005
Trade accounts receivable, net	98,247	142,977
Inventories	135,367	149,964
Other current assets	<u>64,797</u>	<u>66,269</u>
Total current assets	772,712	933,644
Property, plant and equipment, net	150,147	171,750
Long-term marketable investments	255,021	188,484
Deferred tax assets, net	5,218	3,318
Other long-term assets	<u>217,789</u>	<u>224,901</u>
Total assets	<u>\$ 1,400,887</u>	<u>\$ 1,522,097</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 146,311	\$ 205,038
Accrued compensation	47,788	96,703
Current portion of long-term debt	41,771	-
Deferred revenue	<u>17,490</u>	<u>14,208</u>
Total current liabilities	253,360	315,949
Long-term debt	63,108	127,840
Other long-term liabilities	64,482	64,963
Shareholders' equity:		
Common stock	231,587	225,003
Retained earnings	784,888	778,428
Accumulated other comprehensive income	<u>3,462</u>	<u>9,914</u>
Total shareholders' equity	<u>1,019,937</u>	<u>1,013,345</u>
Total liabilities and shareholders' equity	<u>\$ 1,400,887</u>	<u>\$ 1,522,097</u>
Shares outstanding	91,306	92,077

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**Selected Additional Financial Data**

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended		% Growth	Three Quarters Ended	
		Feb. 23, 2002	Feb. 24, 2001		Feb. 23, 2002	Feb. 24, 2001
<b>Product Orders and Sales Data:</b>						
Orders	(45%)	\$ 175,100	\$ 316,300	(44%)	\$ 526,400	\$ 940,400
U.S.	(48%)	79,900	155,000	(53%)	229,000	486,000
International	(41%)	95,200	161,300	(35%)	297,400	454,400
Net Sales	(38%)	\$ 203,604	\$ 326,854	(32%)	\$ 634,819	\$ 930,188
U.S.	(41%)	97,293	165,348	(34%)	316,972	482,921
International	(34%)	106,311	161,506	(29%)	317,847	447,267

**Effect of Non-recurring Charges (Credits):**

Net income from continuing operations	\$	10,434	\$	41,004	\$	25,688	\$	105,152
Non-recurring charges (credits)		2,353		(9,104)		14,725		(9,356)
Non-recurring credits included in cost of sales		-		(23)		-		(827)
Gain on the sale of the Video and Networking division		-		-		-		(1,456)
Tax effect of non-recurring charges		(823)		3,601		(5,154)		4,283
Net income excluding non-recurring charges (credits)	\$	11,964	\$	35,478	\$	35,259	\$	97,796
Diluted earnings per share excluding non-recurring charges (credits)	\$	0.13	\$	0.37	\$	0.38	\$	1.01

**Income Statement Items as a Percentage of Net Sales:**

Cost of sales	50%	48%	50%	48%
Research and development expenses	14%	12%	15%	12%
Selling, general and administrative expenses	27%	25%	27%	25%
Equity in business ventures' loss (earnings)	1%	0%	0%	0%
Gain on sale of the Video and Networking division	0%	0%	0%	0%
Non-recurring charges (credits)	1%	(3%)	2%	(1%)
Other operating expense, net	0%	0%	1%	0%
Operating income	6%	17%	4%	15%

**Capital Expenditures and Depreciation:**

Capital expenditures	\$	2,178	\$	8,720	\$	12,322	\$	23,033
Depreciation expense	\$	9,228	\$	10,558	\$	28,457	\$	30,466

	Quarter ended Feb. 23, 2002	Year ended May 26, 2001
<b>Balance Sheet:</b>		
Cash and Marketable Investments:		
Cash and cash equivalents	\$ 273,037	\$ 292,429
Short-term marketable investments	201,264	282,005
Long-term marketable investments	255,021	188,484
Cash and Marketable Investments	\$ 729,322	\$ 762,918
Accounts receivable as a percentage of annualized net sales	12.1%	11.6%
Days sales outstanding	43.9	42.3
Inventory as a percentage of annualized net sales	16.6%	12.1%
Inventory turns	2.9	4.5