

**For Immediate Release**

Media Contact: Alisha Goff  
503/627-7075  
[alisha.goff@tektronix.com](mailto:alisha.goff@tektronix.com)

Analyst Contact: Sue Kirby  
503/627-6106  
[sue.g.kirby@tektronix.com](mailto:sue.g.kirby@tektronix.com)

## **Tektronix Reports Results for Third Quarter Fiscal 2003**

BEAVERTON, Ore., March 20, 2003 – Tektronix, Inc. (NYSE: TEK) today reported net sales of \$188.3 million and net earnings from continuing operations of \$0.9 million or \$0.01 per share, for the third quarter ended March 1, 2003. This compares with net sales of \$199.3 million and net earnings from continuing operations of \$11.9 million or \$0.13 per share, for the same period a year ago. Excluding business realignment and one-time items, net income from continuing operations would have been \$11.5 million or \$0.13 per share for the third quarter, as compared with \$13.4 million or \$0.15 per share for the same period last year.

“During the quarter, we saw stronger demand in Europe, Asia-Pacific and Japan. We continued to build on our success in China—highlighted by key customer wins in the mobile protocol test area and partnerships with key government agencies,” said Rick Wills, Tektronix Chairman and CEO. “However, we saw softer demand in the United States across most product lines resulting from caution caused by geopolitical uncertainty and the continued sluggishness of our underlying markets.”

“In spite of the challenging economic climate, I am pleased with the quarter’s results. We made progress on several fronts including improved gross margins and continued expense control. Another important accomplishment in the quarter was the progress we made toward the integration of our Japan acquisition. We are already seeing the positive results of streamlining and focusing the sales force, and restructuring our operations in Tokyo,” Wills continued.

This quarter the company recorded two significant non-cash transactions in discontinued operations. The first was the write-off of assets, primarily goodwill, associated with a

specific optical product line now held for sale. The second was the reversal of reserves associated with estimated liabilities related to the sale of the printer business.

For the fourth quarter of fiscal 2003, the company expects sales to be down approximately 5%, compared to the same period a year ago. Earnings per share are expected to be between \$0.08 and \$0.10, excluding anticipated business realignment and one-time charges of \$10-\$12 million.

“The management team remains committed to business fundamentals while building on our position of strength in our core product areas. Our sales and marketing staff around the world is focused on taking market share. Our customers are responding well to our industry-leading products. And, while it may be some time before the test and measurement industry returns to normal growth levels, we have proven we can be successful in this challenging environment,” concluded Wills.

### **Quarter Highlights**

During the third quarter of fiscal 2003, the company announced the following:

- The introduction of a new video and audio confidence monitoring system, the WVR600 Series Rasterizer, which combines video and audio monitoring in an advanced, easy-to-use, digital architecture packaged in a single rack unit.
- New wireless communications analyzers, the WCA200A Series, that combine vector signal analysis and spectrum analysis in one instrument to improve an engineer's view and enable next-generation (2.5G and 3G) wireless design and manufacturing.
- A partnership agreement with Datang Mobile, the leading provider of mobile communication equipment in China, to develop Time Division – Synchronous Code Division Multiple Access (TD-SCDMA) networks and elements.
- Shipment of a 5 GHz differential oscilloscope probe, the P7350, for use in the design and troubleshooting of high-speed digital systems.
- The selection of Tektronix WFM700 multi-format waveform monitors by a leading London-based digital post-production company, Video Tape Recording Ltd. (VTR), for its newly installed digital cinema production suites.
- A partnership with China's Research Institute of Telecommunications Transmission (RITT), a subsidiary of China's Ministry of Information Industry (MII) responsible for drafting specifications and approving test equipment for the telecommunications industry in China, to develop a Conformance Test Suite for General Packet Radio Service (GPRS) networks.
- The industry's most comprehensive Ethernet compliance test software for use with its high-performance digital oscilloscopes.

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 April 4, 2003.

Statements and information in this press release that relate to future events or results (including the Company's expectations as to sales, earnings per share, expenses, including business realignment and one time charges, market position, new products and expected benefits from the 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 geopolitical and economic conditions; business conditions in the electronics, communications, computer and advanced technologies industries, including the length and severity of the current downturn, which is unknown, and in particular, the current downturn in the telecommunications industry, including but not limited to the optical segment, which has experienced a more dramatic decline than other industries; 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; 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; resolution of indemnities relating to certain acquisitions and divestitures; changes in effective tax rates; currency fluctuations; the ability to develop effective sales channels; the ability to successfully integrate the Sony/Tektronix acquisition; 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 and advanced technologies. Headquartered in Beaverton, Oregon, Tektronix has operations in more than 20 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	
	March 1, 2003	February 23, 2002	March 1, 2003	February 23, 2002
Net sales	\$ 188,349	\$ 199,328	\$ 593,376	\$ 614,590
Cost of sales	<u>87,961</u>	<u>99,656</u>	<u>291,838</u>	<u>308,272</u>
Gross profit	100,388	99,672	301,538	306,318
Research and development expenses	26,674	27,017	75,867	89,183
Selling, general and administrative expenses	63,815	53,807	182,876	167,891
Equity in business ventures' loss	-	1,503	2,893	3,108
Business realignment costs	14,173	2,353	26,997	14,725
Acquisition related costs	795	-	2,627	-
(Gain) loss on sale of assets	<u>(81)</u>	<u>391</u>	<u>(588)</u>	<u>4,222</u>
Operating (loss) income	(4,988)	14,601	10,866	27,189
Non-operating income, net	<u>5,144</u>	<u>3,679</u>	<u>14,620</u>	<u>13,381</u>
Earnings before taxes	156	18,280	25,486	40,570
Income tax (benefit) expense	<u>(709)</u>	<u>6,399</u>	<u>(4,344)</u>	<u>14,200</u>
Net earnings from continuing operations	865	11,881	29,830	26,370
Discontinued operations:				
Loss from operations of optical business (less applicable income tax benefit of \$8,521, \$0, \$9,296 and \$0)	(15,824)	-	(17,264)	-
Loss on sale of VideoTele.com (less applicable income tax benefit of \$64, \$0, \$275 and \$0)	(118)	-	(508)	-
Loss from operations of VideoTele.com (less applicable income tax benefit of \$0, \$780, \$1,413 and \$368)	-	(1,447)	(2,624)	(682)
Gain on sale of Color Printing and Imaging division (less applicable income tax expense of \$7,000, \$0, \$7,000 and \$505)	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>937</u>
Net (loss) earnings	<u>\$ (2,077)</u>	<u>\$ 10,434</u>	<u>\$ 22,434</u>	<u>\$ 26,625</u>
Earnings per share from continuing operations - basic and diluted	\$ 0.01	\$ 0.13	\$ 0.34	\$ 0.29
(Loss) earnings per share from discontinued operations - basic and diluted	\$ (0.03)	\$ (0.02)	\$ (0.08)	\$ 0.00
(Loss) earnings per share - basic	\$ (0.02)	\$ 0.11	\$ 0.26	\$ 0.29
(Loss) earnings per share - diluted	\$ (0.02)	\$ 0.11	\$ 0.25	\$ 0.29
Weighted average shares outstanding - basic	86,750	91,316	87,826	91,629
Weighted average shares outstanding - diluted	86,945	92,428	88,071	92,419

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Consolidated Balance Sheets

(In thousands)	<u>March 1, 2003</u>	<u>May 25, 2002</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 155,250	\$ 261,301
Short-term marketable investments	122,125	193,644
Trade accounts receivable, net	104,957	95,214
Inventories	102,936	117,324
Assets of discontinued operations	4,847	39,286
Other current assets	79,314	70,867
Total current assets	<u>569,429</u>	<u>777,636</u>
Property, plant and equipment, net	152,597	131,273
Long-term marketable investments	412,324	301,104
Deferred tax assets, net	89,748	64,522
Other long-term assets	114,996	109,654
Total assets	<u>\$ 1,339,094</u>	<u>\$ 1,384,189</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 107,876	\$ 154,679
Accrued compensation	52,181	56,950
Current portion of long-term debt	57,778	41,765
Deferred revenue	19,467	16,826
Liabilities of discontinued operations	1,787	3,447
Total current liabilities	<u>239,089</u>	<u>273,667</u>
Long-term debt	56,137	57,302
Other long-term liabilities	175,014	126,027
Shareholders' equity:		
Common stock	223,982	231,035
Retained earnings	714,137	774,282
Accumulated other comprehensive loss	(69,265)	(78,124)
Total shareholders' equity	<u>868,854</u>	<u>927,193</u>
Total liabilities and shareholders' equity	<u>\$ 1,339,094</u>	<u>\$ 1,384,189</u>
Shares outstanding	85,518	90,509

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**Selected Additional Financial Data**

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended		% Growth	Three Quarters Ended	
		March 1, 2003	February 23, 2002		March 1, 2003	February 23, 2002
<b>Product Orders and Sales Data:</b>						
Orders	4%	\$ 179,800	\$ 172,300	6%	\$ 550,600	\$ 517,300
U.S.	(14%)	66,600	77,200	0%	220,600	219,900
International	19%	113,200	95,100	11%	330,000	297,400
Net Sales	(6%)	\$ 188,349	\$ 199,328	(3%)	\$ 593,376	\$ 614,590
U.S.	(25%)	70,591	93,657	(14%)	257,451	298,100
International	11%	117,758	105,671	6%	335,925	316,490

**Effect of Business Realignment and One-Time Items:**

Net earnings from continuing operations	\$	865	\$	11,881	\$	29,830	\$	26,370
Business realignment costs		14,173		2,353		26,997		14,725
Acquisition related costs		795		-		2,627		-
Tax effect of above items		(4,350)		(824)		(9,480)		(5,154)
Reversal of tax reserve		-		-		(12,500)		-
Net income excluding business realignment and one-time items	\$	11,483	\$	13,410	\$	37,474	\$	35,941
Diluted earnings per share excluding business realignment and one-time items	\$	0.13	\$	0.15	\$	0.43	\$	0.39

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

Cost of sales	47%	50%	49%	50%
Research and development expenses	14%	14%	13%	15%
Selling, general and administrative expenses	34%	27%	31%	27%
Equity in business ventures' loss	0%	1%	0%	1%
Business realignment costs	8%	1%	5%	2%
(Gain) loss on sale of assets	0%	0%	0%	1%
Operating (loss) income	(3%)	7%	2%	4%

**Capital Expenditures and Depreciation:**

Capital expenditures	\$	4,026	\$	1,872	\$	11,650	\$	11,206
Depreciation and amortization expense	\$	8,615	\$	9,921	\$	26,168	\$	30,701

	Quarter Ended March 1, 2003	Year Ended May 25, 2002
<b>Balance Sheet:</b>		
Cash and Marketable Investments:		
Cash and cash equivalents	\$ 155,250	\$ 261,301
Short-term marketable investments	122,125	193,644
Long-term marketable investments	412,324	301,104
Cash and Marketable Investments	\$ 689,699	\$ 756,049
Accounts receivable as a percentage of annualized net sales	13.9%	14.0%
Days sales outstanding	50.7	42.4
Average days sales outstanding	50.4	51.2
Inventory as a percentage of annualized net sales	14.1%	16.2%
Inventory turns	3.3	3.1

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